



KHDI REPORT

1976 — 1977

**KOREA
HEALTH
DEVELOPMENT
INSTITUTE**

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Foreword

Concomitant with Korea's rapid economic growth since 1960 has been a remarkable improvement in the living standards of its people. With improving health care services and technological development, life expectancy has increased while both the birth and death rates have dropped considerably. Such developments have moved Korea well along the road towards a "Welfare State" which, among other things, would assure equitable medical care services for all.

In spite of this progress, however, the scope and availability of medical care services for rural and urban low-income people have not increased. As a result of commodity price-hikes, high treatment costs, the maldistribution of health personnel and over-specialization in the medical sciences, the many medical care problems of these low-income people remain unsolved. The environmental pollution and industrial hazards that inevitably accompanied rapid industrialization have only exacerbated the situation.

President Park Chung Hee's social development priorities for the remainder of the decade are embodied in the Fourth Five-Year Economic Development in the social sector which will permit a renovation of the national medical care system by which low cost medical care services and insurance benefits can be made available to the people. It was in this temper that the Korea Health Development Institute was founded in April, 1976 to do research on low-cost medical care delivery systems, and implement several demonstration health care projects, introducing new types of health workers.

In following these guidelines, KHDI has launched 'Model Community Health Care Programs' in three rural *Guns* (counties). With different emphasis in each *Gun*, the programs, which are scheduled to continue for the next five years, will take into account some of the invaluable lessons which have already been derived from existing community health care projects in Koje, Okgu, Kangwha, and Chunseong.

In KHDI's demonstration areas, the general objective is to evolve a low-cost medical service system providing high-quality primary health care service through a network of improved facilities and newly trained manpower. Health care services will be developed in conjunction with community residents, who can better identify their common health needs

and create community level organizations to deal with them. Whenever possible, health development programs at the village level will be linked with proven community development organizations such as *Saemaul* (New Community) Development councils, Mothers' Club, and *Saemaul* Women's Clubs. This linkage will facilitate integration of program planning and day-to-day implementation. Also of critical importance will be the mobilization of existing public and private sector resources such as county and sub-county health clinics and local health practitioners and pharmacists.

One of the ironies surrounding the scarcity of health service resources in Korea and other developing countries is that existing resources are often wasted. Therefore, another goal of KHDI is to improve the efficiency and service output of the system through scientific management analysis studies. Preventive systems and simple curative services for the needy will not be sufficient unless they are supported by a comprehensive referral system in which primary care facilities are effectively linked with secondary and tertiary care facilities.

During its nascent one and a half year period, KHDI's major efforts have been directed towards the establishment of administrative operation and field implementation with concerned government agencies, and towards the recruitment of researchers and the collection and analysis of basic data and professional materials from within the nation and abroad. This annual report describes the initial development of KHDI and its demonstration projects, as well as how the training of Community Health Practitioners was planned for the soon-to-be-introduced innovative health care delivery system.

H. J. Park

Park, Hyung Jong
President
Korea Health Development Institute

PART I. KOREA HEALTH DEVELOPMENT INSTITUTE

1. BACKGROUND

In Korea, there are excellent medical specialists and highly advanced hospital facilities in the major urban areas, but these are normally accessible only to a small economically advantaged group. In the rural areas, it is estimated that only 63% of those who are ill seek to some kind of treatment while 37% received no treatment whatsoever (according to a study published in 1975). About one half of those rural people who seek care obtain their primary curative services from pharmacies or drug stores, 21% from modern hospitals or clinics and 8% from health centers; while 21% obtain the services from herb doctors or others.

This situation makes it imperative that Korea develop a national program providing better quality health services to those now generally not served by the existing system.

To help meet these needs, a formal request for loan support to establish Community Health Care Centers was made by the Korean delegation at the 1972 conference of the International Economic Commission for Korea (IECOK).

On the basis of this request, the United States Agency for International Development (USAID) dispatched a feasibility study team to Korea in November 1973.

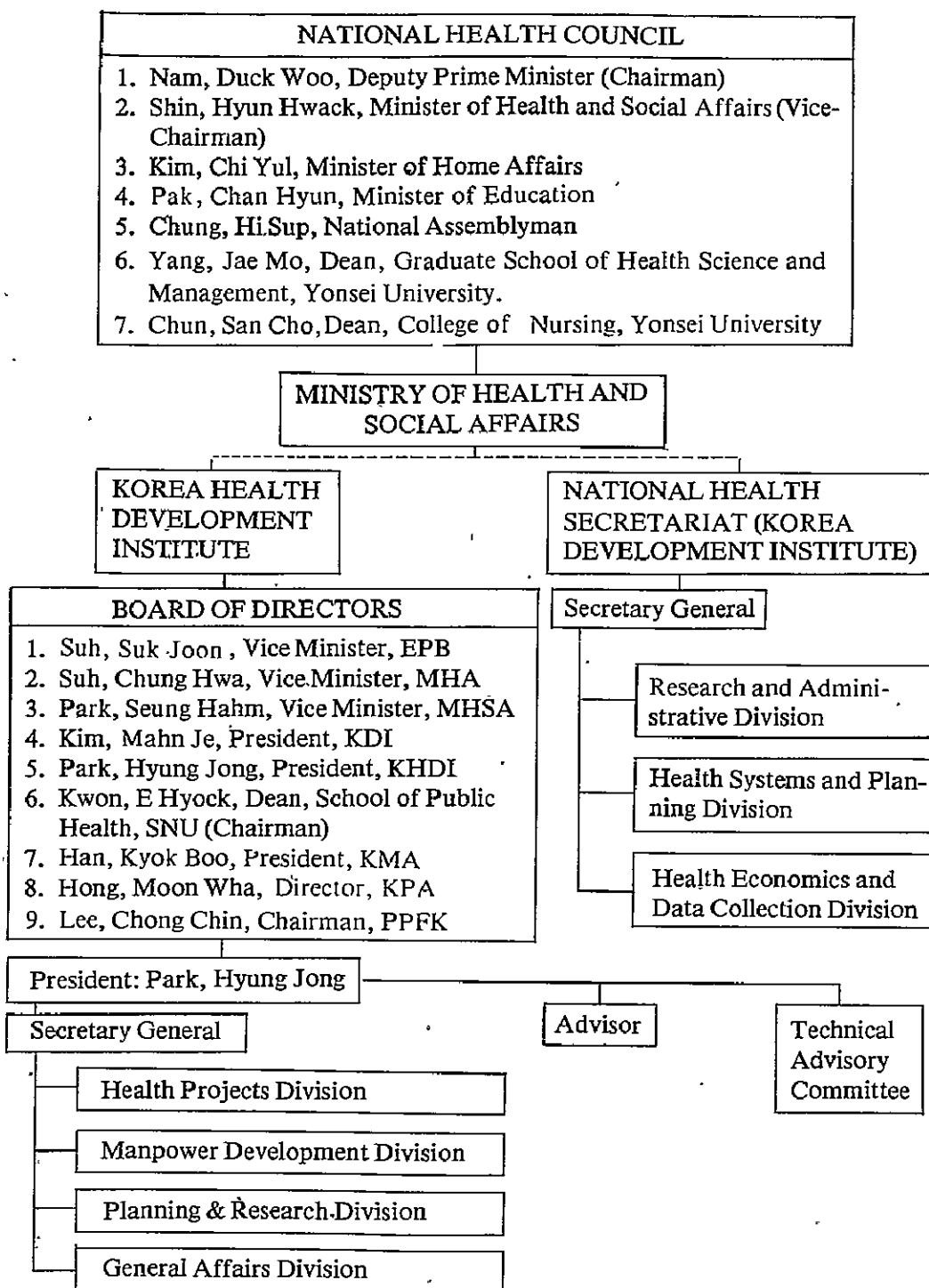
The team recommended: 1) conducting a survey of national health care needs, 2) setting up a low-cost health care system, and 3) establishing a health planning unit in the government to be exclusively in charge of planning.

Consequently, a Health Planning Project Agreement was concluded between the Government of the Republic of Korea and the United States of America (USAID) in June 1974. Then, in November 1974 the Economic Planning Board (EPB) requested an AID loan of \$5,000,000 for a Korea Health Demonstration Project. A loan agreement was developed, which the parties concerned signed in September 1975.

In December 1975 the law of the Korea Health Development Institute (KHDI) was promulgated and a Presidential Decree for the enactment of the KHDI Law was approved and promulgated in April 1976.

The official opening ceremony of the KHDI followed the promulgation of the law and the decree on April 19, 1976.

2. ORGANIZATION OF KOREA HEALTH DEVELOPMENT INSTITUTE



1) FUNCTIONS OF NATIONAL HEALTH COUNCIL

Review and approval of:

1. The basic directions and goals for comprehensive health development planning.
2. The establishment and coordination of health and medical care delivery systems.
3. The planning and evaluation of comprehensive health and medical care demonstration projects.
4. Annual budgets, settlement of accounts and work plans of the Institute.
5. The Institute's Constitution (articles of incorporation).
6. Appointment of the President and Auditor of the Institute.
7. Other major policies.

2) KHDI BOARD OF DIRECTORS

Chairman	Kwon, E. Hyock	Dean, School of Public Health, Seoul National University
Directors	Suh, Suk Joon	Vice Minister, Economic Planning Board
	Suh, Chung Hwa	Vice Minister, Ministry of Home Affairs
	Park, Seung Hahn	Vice Minister, Ministry of Health and Social Affairs
	Kim, Mahn Je	President, Korea Development Institute
	Han, Kyok Boo	President, Korea Medical Association
	Hong, Moon Wha	Director, Korea Pharmaceutical Association
	Lee, Chong Chin	Chairman, Planned Parenthood Federation of Korea
	Park, Hyung Jong	President, Korea Health Develop- ment Institute

3) TECHNICAL CONSULTANTS

- Chang, Kyung Sik** Kyung Buk Univ. (M.D.)
Singapore Univ. (Diploma in P.H.)
Director, Bureau of Medical Affairs, MHSA
- Chay, Pyung Gil** Yonsei Univ. (B.A.)
Syracuse Univ. (Ph.D.)
Assistant Professor, College of Politics & Law,
Yonsei Univ.
- Cho, Byung Lyoon** Seoul National Univ. (M.D.)
Univ. of Michigan (M.P.H.)
Medical Officer, Bureau of Medical Affairs, MHSA
- Choe, In Kee** Chief, Local Planning Section,
Bureau of Local Service, Ministry of Home Affairs
- Choi, Sam Sop** Chonnam Univ. (M.D., M.S., Ph.D.)
Tulane Univ. (M.P.H.)
Professor, Preventive Medicine, College of Medi-
cine, Ewha Women's Univ.
- Choi, Soo Il** Kunkuk Univ. (B.A.)
Director, Bureau of Social Insurance, MHSA
- Choi, Chi-Hoon** Seoul National Univ. (B.S., M.S.)
Univ. of Michigan (Ph.D.)
Professor, Dept. of Computer Sciences and Statis-
tics, College of Natural Sciences, Seoul National
Univ.
Statistical Consultant, Bureau of Agricultural Statis-
tics, Ministry of Agriculture and Fisheries.
Family Planning Technical Consultant, MHSA
- Choo, Hak-Chung** Yonsei Univ. (B.A.)
Clark Univ. (M.A. Ph.D.)
Associate Professor and Chairman, Dept. of Econo-
mics Research, Nichols College (1965-72)
Co-Director, Bureau of Business and Economics Re-
search, Nichols College (1969-72).
Lecturer in Statistics, Graduate School, Clark Univ.
(1970-72)
Visiting Professor of Health Economics, Graduate
School of Health Science and Management, Yonsei
Univ. (1973-74)
Senior Fellow and Chief, Social Development Div.,
Korea Development Institute

Chung, Kyung Kyoong Seoul National Univ. (B.A.)
Univ. of Chicago, (M.A.)
Core Member, In-country Technical Assistance Mission in Family Planning MHSA & UNFPA
Assistant Professor, School of Public Health, Seoul National Univ.

Han, Dal Sun Seoul National Univ. (M.D.)
Univ. of North Carolina (M.P.H.)
Counterpart to WHO Medical Officer for Local Health Services (1966-67)
Assistant Professor of Health Administration, School of Public Health, Seoul National Univ.

Han, Yong Sub Han Yang Univ. (B.S.)
Licensed for Architect, Class-1, issued by Ministry of Construction office.
Designed for construction of 5 integrated hospitals including Armed Forces Integrated Hospital, Ministry of National Defense (Scale: 17,500 acre, 1,000 beds),
Training Center Church, National Institute of Health, Ministry of Education I.D.A. Educational Facilities Loan Project: Chung Nam Technical High School, Anyang Technical High School, Incheon Girl's High School (Scale: 23,100 acre, 16 units),
National Defense Scientific Research Institute, & Taejon Area Apt. Complex; Hongneung Machinery Industry Co.
Director, Korea Association of Architect.
President; Bukuk Architectural Consultant Office.

Huh, Jong Seoul National Univ. (M.D., M.S., Ph.D.)
Univ. of Minnesota, (M.P.H.)
Studied Public Health Administration and Medical Care at Harvard School of Public Health
Attended Health Planning Course, Johns Hopkins School of Hygiene and Public Health (3 mon.)
Professor, School of Public Health, Seoul National Univ.

- Kim, Il Soon** Yonsei Univ. (M.D., Ph.D.)
 Johns Hopkins Univ. (M.P.H.)
 Associate Professor, Dept. of Preventive Medicine,
 Yonsei Univ.
- Kim, In Dal** Keijo Imperial Univ. (M.D.)
 Seoul National Univ. (Ph.D.)
 Dean, School of Public Health, Seoul National Univ.
 (1960-71)
 Professor, Seoul National Univ., College of Medicine,
- Kim, Jong Kun** Seoul National Univ. (M.D.)
 Univ. of Minnesota (M.P.H.)
 Tokyo Univ. (Dr. P.H.)
 Associate Professor, School of Public Health, Seoul
 National Univ.
- Kim, Joung Soon** Seoul National Univ. (M.D.)
 Johns Hopkins Univ. (M.P.H., Dr. P.H.)
 Associate Professor, School of Public Health, Seoul
 National Univ.
- Kim, Ju Whan** Seoul National Univ. (B.S., M.S., Ph.D.)
 Studied at School of Dentistry, Indiana Univ.
 Superintendent, Seoul National Univ.
 Dental Hospital (1971-72)
 Dean, College of Dentistry, Seoul National Univ.
 (1972-74)
 Chairman, Korea Dental-Health Association
- Kim, Kwang Woong** Seoul National Univ. (B.A. & M.P.A.)
 Univ. of Hawaii (Ph.D.)
 Visiting Scholar, Center for Research on Social
 Organization & Institute for Social Research, Univ.
 of Michigan (1974-75)
 Associate Professor, Graduate School of Public Ad-
 ministration, Seoul National Univ.
- Kim, Kyoung Sik** Severance Union Medical College (M.D.)
 Univ. of Malaya, (Diploma in P.H.)
 Yonsei Univ. (Ph.D.)
 Director, the Institute for Rural Health, Kaejong.
 Director, Seagrave Memorial Hospital, Kaejong

Kim, Mo-Im	Yonsei Univ. (B.S.) Univ. of Hawaii, (M.S.) Johns Hopkins Univ. (M.P.H., Dr. P.H. & Post-Doctoral Training) Professor, College of Nursing, Yonsei Univ. Chief, General Affairs, Center for Population and Family Planning, Yonsei Univ.
Kim, Myung-Ho	Taegu Medical College (M.D.) Univ. of Minnesota (M.P.H.) Univ. of California in Los Angeles (Advanced Studies in Public Health) Yonsei Univ. (Ph.D.) Professor & Associate Dean, Graduate School of Health Science & Management, Yonsei Univ. Director, Yonhee Health Service Center.
Kim, Yoon Kee	Editor-in-chief, Journal of Medical Fellow Members
Kim, Seok Chan	Director, Policy Planning Committee, Korea Pharmaceutical Association
Kim, Sik Hyun	Professor, School of Business Administration, Seoul National Univ.
Kim, Chang Kyoon	Director, Bureau of Home Affairs, Kyung-sang, Bukdo Provincial Government
Koo, Youn Choul	Severance Union Medical College (M.D.). Univ. of Philippines (M.P.H.) Dean, College of Medicine, Ewha Women's Univ. (1972) Professor and Chairman, Dept. of Preventive Medicine, College of Medicine, Ewha Women's Univ.
Lee, Hae Bong	Director, Bureau of Health & Social Affairs, Kyung-sang Bukdo Provincial Government
Lee, Jae Chang	Chief, Financial Section, Bureau of Local Service, Ministry of Home Affairs
Lee, Kee Hong	Seoul National Univ. (B.A.) Univ. of Amherst (B.A.) Princeton Univ. (Graduate Course) Columbia Univ. (M.A.) Deputy Vice-Minister, Economic Planning Board (1963) Professor, Asian Economic Development Institute, ECAFE, Bangkok (1960-69)

	Research Fellow, World Bank in Washington, D.C. (1969-72) Fulltime Consultant, Legislative Counsel, Democratic Republican Party
Lee, Kyung Sik	Kyung Buk Univ. (RN) Kukjae College (B.A.) Univ. of North Carolina (M.S.P.H. & Ph.D.) Associate Professor, School of Public Health, Seoul National Univ. President, Korea Public Health Nurses' Association
Lee, Sang Bae	Seoul National Univ. (B.A.) Chief, Administration Section, Bureau of Local Service, Ministry of Home Affairs
Lee, Sung-Kwan	Taegu Medical College (M.D.) Seoul National Univ. (Ph.D.) Professor, Preventive Medicine and Public Health, School of Medicine, Kyung-Buk National Univ.
Lim, Heung Dal	Kwandong Univ. (B.A.) Planning Officer, MHSA
Mo, Sumi	Sookmyung Women's Univ. (B.A., M.S.) Univ. of Massachusetts, (M.S.) Univ. of London (Course of applied nutrition and food science: FAO-WHO-UNICEF Course) Seoul National Univ. (Ph.D.) Professor, College of Agriculture, Seoul National Univ. (1960-70) Professor, College of Home Economics, Seoul National Univ.
Moon, Ok Rhun	Seoul National Univ. (M.D., M.P.H.) Univ. of Michigan (M.P.H.) Univ. of California, (Post-doctoral Scholar in P.H.) Assistant Professor, School of Public Health, Seoul National Univ.
Paik, Nam Soon	Director, Bureau of Health & Social Affairs, Cholla Bukdo Provincial Government
Park, Chong Kee	Westminster College (B.A.) Univ. of Illinois (M.A.) George Washington Univ. (Ph.D.)

Senior Economist, National Planning Association,
Washington, D.C. (1963-71)
Director, Third Research Dept. & National Health
Planning Secretariat, Korea Development Institute

- Park, Heung Soo** Kyung Hee Univ. (B.A.)
Univ. of Chicago (M.A.)
Univ. of Michigan, the Institute for Social Research,
(Course of Research Methods and Statistics)
Univ. of Hawaii (Ph. D.)
Assistant Professor of Sociology, Dept. of Mass.
Com., Yonsei Univ.
- Park, Il Sang** Chief, Medical System Section, Bureau of Medical
Affairs, MHS
- Song, Seon Chon** Pyungan Namdo Provincial Nursing School (Nursing
& Midwife Course)
President, Korea Midwifery Association
- Song, Sun Dae** Woosok Medical College (M.D.)
Seoul National Univ. (M.P.H.)
Chief, Health Section, Bureau of Health & Social
Affairs, Kyungsang Bukdo Provincial Government
- Suh, Hyun Seok** Director, Bureau of Home Affairs, Cholla Bukdo
Provincial Government
- Suh, Jae Hak** Member, Korea Newspaper Ethics Committee
- Um, Dae Hyun** Director, Bureau of Home Affairs, Kangwon pro-
vincial Government
- Yoo, Eun Jae** Director, Bureau of Health & Social Affairs, Kang-
won Provincial Gov.
- Yoo, Jae Gyu** Chief, Health Section, Bureau of Health & Social
Affairs, Kangwon Provincial Government
- Yoo, Young Joon** Chief, Health Section, Bureau of Health & Social
Affairs, Cholla Bukdo Provincial Government
- Yoon, Sung Tae** Secretary, Government Business Secretariat, Chong-
wadae
- Zong, Moonshik** Seoul National Univ. (B.S., M.P.H.)
Univ. of Strathclyde (Diploma in P.H. & M.P.H.)
Assistant Dean & Associate professor, School of
Public Health, Seoul National Univ.

4) STAFF

President	Park, Hyung Jong	Seoul National Univ. (M.D., M.S., Ph.D.) Univ. of Minnesota (M.P.H.) Professor & Dean, School of Public Health, Seoul National Univ. (1972-76) Chairman, Task Force for Health Service Research, WHO Western Pacific Region Member, Advisory Panel on Public Health Administration, WHO, Geneva Major: Preventive Medicine
Secretary General	Chung, Chong-myun	Keijo Imperial Univ. (B.A.) Studied politics at Graduate School, Seoul National Univ. Associate professor, Sociology and Dean of Administration, Dongguk Univ. (1962-67) Executive Director for Sales & Finance, Shinjin Motor Sales Co. President, Hanil Industrial Co. (1967-75) Major: Rural Sociology
Chief, Health Project Division	Ahn, Sung-Kyu	Seoul National Univ. (M.D.) Completed general course and epidemiologic course of WHO Malaria Eradication Service (1966-1967) Chief, Tuberculosis Prevention Div., Family Planning Div., Public Health Div., & Health Planning Office, MHSA (1971-76) Major: Public Health Administration
Chief, Manpower Development Division	Yoone, Kil-Byoung	Seoul National Univ. (B.A. & High School Teacher's Certificate in English Language & Literature) Swansee Univ. (Advanced Course of Social Welfare & Development Administration: C.S.W.S.) Director, Division of Community De-

Chief
Planning &
Research
Division

Kim, Chu Hwan

development, Afro-Asian Rural Reconstruction Organization (AARRO), New Delhi (1963-65)

Research Director, National Social Security Commission, MHSA (1967-69)

Executive Director, National Council of Social Welfare Service (1969-71)

Senior Researcher, Institute of Population Problems (1972-75)

Professor, Social Work, Chung-Ang Theological College (1973-76)

Major: Social Administration

Seoul National Univ. (M.D.)

Chief, Dept. of Surgery, Chunchon Provincial Hospital (1957-64)

Director, Kimpo Health Center (1964-66)

Chief, Public Health Section, Kyunggi Provincial Government (1966-72)

Director, Inchon Quarantine Office (1972)

Chief, Chronic Disease Control Section, MHSA (1972-74)

Chief, Public Health Section, MHSA (1974-75)

Senior Researcher, National Institute of Health, MHSA (1975-1977)

Major: Epidemiology

Kukhak Univ. (B.A.)

Korea Univ. (M.A.)

Chief, Administration Section & Acting Director, Bureau of General Affairs, National Institute of Health (1967-70)

Planning & Budgeting Officer, Planning & Control Office, MHSA (1970-72)

Director, Home for Mentally Retarded Children (1972-75)

Faculty Director, National Training Institute for Social Service Leader

Chief,
General
Affairs
Division

Chung, Woo Taek

Senior Re-
searcher (A)

Lee, Kae Yong

(1975)

Major: Administration

Yonsei Univ. (M.D.)

Seoul National Univ. (Ph.D.)

Instructor, Clinical Assistant Pro-
fessor, OB + GY Dept., Yonsei Univ.
(1969-76)

Chief, Dept. of OB + GY, Seoul Na-
tional Hospital (1971-76)

Major: OB + GY

Lee, Sung Woo

Seoul National Univ. (M.D., Ph.D.)

Univ. of Minnesota (M.P.H.)

Chief, Public Health Div. & Local
Health Service Div., MHSA (1969-74)

Medical Officer (Epidemiologist),
WHO (1974-77)

Major: Epidemiology

Han, Kyu Ho

Seoul National Univ. (M.D., Ph.D.)

Completed Bethesda Medical School
(American-Naval Medical School)

Medical Service in the Navy (1952-
74) (Superintendent, Jinhae Naval
Hospital & Pohang Naval Hospital.
Surgeon General, Naval Headquar-
ter, etc.)

Medical Director, Social Rehabilita-
tion Center, Office of Labor Affairs
(1975)

Controller, Maternal & Child Health
Office, MHSA (1975-77)

Major: General Surgery

Senior Re-
searcher (B)

Kang, Nam-Hi

Seoul National Univ. (B.S., M.P.H.)

Univ. of Oslo (Medical care and
public health service course)

Univ. of Stockholm (Social welfare
and public administration course)

Researcher, the Social Security Com-
mittee, MHSA (1962-73)

Senior Researcher, Korean Institute
for Family Planning (1974-76)

Taught at Korea Univ., Seoul Na-

Kim, Youn-Young

tional Univ., Ewha Women's Univ.
Major: Social Security & Health Insurance

Seoul National Univ. (M.P.H.)
San Antonio Army Medical School
(Preventive Medical Course)

Senior Public health Specialist, Korean Medical Team in Vietnam (1969-74)

Assistant, Health Planning Advisor's Office, MHSA (1975-76)

Major: Environmental Sanitation

Kim, Kong Hyun

The Presbyterian Theological Seminary (B.A.)

Seoul National Univ. (M.P.H.)

Principal Investigator, "Door to Door Condom" under ICARP Project (1972-73)

Project Coordinator, "Family Planning Delivery System through Church Organization" under FIPIA Project (1974-76)

Administrator, Community Health Dept., Presbyterian Medical Center (1976)

Major: Public Health Education

Nam, Chul Hyun

Yeong Nam Univ. (B.S.)

Seoul National Univ. (M.P.H.)

ROKN Naval College (Special Course)
Public Health Specialist, Korean Medical Advisory Team under USAID/Vietnam (1970-74)

Instructor, Med. College, Chung Ang Univ. & National Railroad Nursing College (1974-76)

Major: Environmental Sanitation & Pharmacy

Kim, Jin Soon

Korea Univ. (R.N.)

Diakonie Nursing Academy (Nursing education/administration course)

Seoul National Univ. (Now in M.P.H.)

		Course)
		Senior Nurse, Surgical Dept., Bonn Univ. Hospital (1966-70)
		Instructor, Nursing School, Köln (1971)
		Nursing Officer, KOR/SHS/001 project, MHSA (1975-77)
		Major: Public Health
	Song, Kun-Yong	Seoul National Univ. (B.S., M.P.H.)
		Researcher, the Institute of Population (1965-69)
		Researcher, the Social Security Committee, MHSA (1969-72)
		Taught at Woosok Medical College & Seoul National Univ. (1967-72)
		Chief, Research Unit II, Korean Institute for Family Planning (1972-76)
		Major: Public Health Statistics
	Kim, Eung Suk	Seoul National Univ. (B.S., M.P.H.)
		Officer, Maternal & Child Health Section, MHSA (1965-70)
		Chief, Data Processing Section, Evaluation & Research Div., Korean Institute for Family Planning (1971-73)
		Major: Public Health Statistics
Researcher	Kim, Suchun	Seoul National Univ. (B.A.)
		Chief Monitor, Korean Broadcasting Ethics Committee (1963-68)
		Researcher, Population Problem Institute (1969-74)
		Major: Mass Communications
	Kim, Hyun Ock	Seoul National Univ. (B.A.)
		Seogang Univ. (Graduate Course)
		Teaching Assistant, Dept. of History, Seogang Univ. (1973-75)
		Sung Kyun Kwan Univ. (Library School Course)
		Major: History
	Lee, Ok Hwi	Ewha Women's Univ. (B.S.)
		Seoul National Univ. (M.P.H.)
		Teaching Assistant, Dept. of Preven-

Jeon, You-Young

tive Medicine, Seoul National Univ.
(1971-77)

Instructor, Dept. of Preventive Medicine, Seoul National Univ. (1977)

Major: Environmental Sanitation

Dongguk Univ. (B.A.)

Manager, Uchon Pharmacy Sales Company (1975-76)

Major: Statistics

3. FUNCTIONS OF KHDI

1. Investigate, research and evaluate previous and existing projects and systems related to public health.
2. Design and develop effective and low-cost health care delivery systems as demonstration/research projects in selected geographical areas.
3. Implement, then evaluate the effectiveness and utility/cost of the foregoing demonstration projects. (Projects should address the following aspects of health care: prevention of disease, diagnosis, medical treatment, rehabilitation, and medical insurance.)
4. Investigate and evaluate the long and short-range needs for health services.
5. Support the improvement and maintenance of the health status of local community residents.
6. Educate and train persons engaging in health care demonstration projects.
7. Exchange information with, conduct joint research with, and/or provide support to, research institutions in Korea and in foreign countries, on national health care delivery systems.
8. Investigate, research and evaluate particular health service activities as requested by the government.

1) PRINCIPAL ACTIVITIES BY DIVISION (FY1976)

Health Projects Division

- Assessment of existing health care management to meet and support health care demand for low-income people.
- Implementation of demonstration project of comprehensive health service.
- Operational research on health care delivery efforts in the project area.
- Supporting local health care programme furthering improvement of health of the people in the community.

Manpower Development Division

- Planning and studies on the development of Health Manpower which will promote health care service, preventive and curative services for the low-income group of people.
- Training and education of health care workers who will be engaged in integrated health care service demonstration project.
- Publication and dissemination of newsletters and other related medias for health workers who are involved in health care service demonstration project.
- Matters on pertaining to improve service quality of health workers and holding workshop, seminar or public gathering activities related to health care demonstration project.
- Carry out evaluation activities on the plan of manpower utilization and healthcare manpower system.
- Management and operation of the library.

Planning and Evaluation Division

- Planning for KHDl's long or short term projects.
- Research and development for national health care system.
- Research and evaluation of long or short term health care needs of the country.
- Research and evaluation on comprehensive health care demonstration projects.
- Cooperation with the national or international research organizations to exchange technical information, carry out the joint research projects and technical assistance.
- Conduct research projects on health care commissioned or requested by the government.

- Conduct workshops related with the evaluation and research of health care projects, development of manuals, reporting forms and the other relevant materials.
- Operation of research advisory committees.
- The other matters not to be assigned to another divisions.

Administration Division

- Matters on the general affaires.
- Matters on the personnel affaires, public services and welfare of the employees
- Dispatch and receipt of documents, distribution and custody of documents.
- Matters on the employees' training.
- The compilation and control of budget.
- Management and control of the supplies and equipment, contracts of the works and accounting and disbursement of the fund and procurement.
- Receipt of issue of the supplies, custody and managment.
- Management of the endowment fund.
- Establishment, amendment and abolishment of the Institute's regulations.
- Custody and use of the official seals.
- Settlement and closing of the accounts at the end of fiscal year.
- Operation of the board of directors meeting.
- Maintenance of vehicles.
- Matters on the security, guard and on-duty.
- Custody of cash, saving account and bonds or securities and receipt of issue and disbursement.
- Provisions needed for maintenance of welfare of the employees and assist employees association.
- Matters not to be assigned to another divisions.

2) BUDGET (GENERAL)

A. Summary of Aid and ROKG's Contribution to Health Demonstration Project Loan 489-U-092

KHDI

Total Costs:	\$1,381,300	100%
U.S. Contribution:		
L/Com-DRA	\$ 364,400	26.38%
SLC	671,575	48.62
	<u>\$1,035,975</u>	<u>75.00%</u>
ROKG Contribution:	345,325	25.00
	<u>\$1,381,300</u>	<u>100.00%</u>

Demonstration Projects

Total Costs:	\$4,885,700	100%
U.S. Contribution:		
L/Com-DRA	\$ 500,000	10.23%
SLC	3,164,275	64.77
	<u>\$3,664,275</u>	<u>75.00%</u>
ROKG Contribution:	1,221,425	25.00
	<u>\$4,885,700</u>	<u>100.00%</u>

Health Development Secretariat

Total Costs:	\$ 400,000	100%
U.S. Contribution:		
L/Com	\$ 13,000	3.25%
SLC	287,000	71.75
	<u>300,000</u>	<u>75.00%</u>
ROKG Contribution:	100,000	25.00
	<u>\$ 400,000</u>	<u>100.00%</u>

SUMMARY

Total Project Costs:	\$6,667,000	100%
U.S. Contribution:		
L/Com-DRA	\$ 877,400	13.16%
SLC	4,122,850	61.84%
	<u>\$5,000,250*</u>	<u>75.00%</u>
ROKG Contribution:	1,666,750	25.00
	<u>\$6,667,000</u>	<u>100.00%</u>

* \$250 excess over loan agreement amount will be adjusted in the last amendment to the SLC.

Source: Capital Assistance Paper

**B. Preliminary Estimate of Loan
Projected, Obligations of ROKG and USAID by Year**

Agency	FY 1976	1977	1978	1979	1980	Total
A. KHDI						
ROKG	\$ 48,346	\$ 69,065	\$ 72,518	\$ 75,971	\$ 79,425	\$ 345,325
USAID	\$145,036	\$207,195	\$ 217,555	\$227,915	\$238,274	\$1,035,975
Total	\$193,338	\$276,260	\$ 290,073	\$303,886	\$317,699	\$1,381,300

B. Demonstration Projects

ROKG	\$ 50,000	\$146,675	\$ 325,000	\$ 350,000	\$ 350,000	\$1,221,675
USAID	\$150,000	\$439,025	\$ 975,000	\$1,050,000	\$1,050,000	\$3,664,025
Total	\$200,000	\$585,700	\$1,300,000	\$1,400,000	\$1,400,000	\$4,885,700

C. National Health Secretariat

ROKG	\$ 25,000	\$ 18,750	\$ 18,750	\$ 18,750	\$ 18,750	\$100,000
USAID	\$ 75,000	\$ 56,250	\$ 56,250	\$ 56,250	\$ 56,250	\$300,000
Total	\$100,000	\$ 75,000	\$ 75,000	\$ 75,000	\$ 75,000	\$400,000

Grand Total

ROKG	\$123,345	\$234,490	\$ 416,268	\$ 444,721	\$ 448,175	\$1,666,999
USAID	\$370,036	\$702,470	\$1,248,805	\$1,334,165	\$1,344,524	\$5,000,000
Total	\$493,381	\$936,960	\$1,665,073	\$1,778,886	\$1,792,699	\$6,666,999

3) ACTIVITIES, PAST & ON-GOING

A. Critical Performance Indicators

BE-EE	DESCRIPTION	Estimated Time (Month)
1	START. Loan Agreement Signed. Project Started	—
1 — 2	Establish Korea Health Development Institute Meet conditions precedent (1st set-3.1) for initial funds disbursement for planning and design work.	7
2 — 3	KHDI staff recruitment, and organization.	4
2 — 4	Meet conditions precedent for funds disbursement (2nd set 3.2), for project work.	9
2 — 5	Develop demonstration project evaluation framework and baseline survey data elements.	9
2 — 13	KHDI seek long-term funding commitment by ROKG	7
3 — 6	KHDI key staff orientation-visits to US and other countries to review various types of health delivery systems.	7
4 — 7	Organize sub-project areas (Hongchon, Gunee & Okgu) in preparation for implementation of Community Health Practitioner (CHP), Community Health Aide (CHA) & Village Health Agent (VHA) demonstration sub-projects.	6
4 — 8	Conduct feasibility study in Okgu for possible implementation of insurance and/or prepayment scheme.	5
4 — 15	Disbursement of loan under section 4.2.	32
5 — 18	Gather data, survey, study, analyze and evaluate demonstration projects.	43
6 — 7	Train trainers for Community Health Practitioners, Community Health Aides and Village Health Agents.	4
6 — 16	KHDI staff development-training in US and other countries, and on-the-job experience.	30

7 — 10	Train selected personnel as Community Health Practitioners, Community Health Aides and Village Health Agents.	10
8 — 11	Develop project plan for insurance prepayment scheme in Okgu.	6
10 — 14	Dummy activity.	
10 — 19	Demonstration project in Hongchon, Gunee and Okgu utilizing CHPs, CHAs & VHAs.	24
11 — 14	Dummy activity.	
11 — 19	Demonstration Project in Okgu utilizing a health insurance or prepayment scheme, public or private financed.	24
13 — 20	KHDI funding for long term incorporated into ROKG budget.	12
14 — 20	KHDI actively seeks long term commitment of funding from "Other Donors" for research on health delivery systems.	12
15 — 21	Disbursement of loan funds under sections 4.1 and 4.3.	12
16 — 20	Lead-time between completion of KHDI staff development and operation of KHDI completely independent of USAID technical assistance.	9
18 — 19	Dummy activity.	
19 — 22	KHDI writes final report on demonstration project activities, analysis of results, and recommendations for future courses of action for national replication by Ministry.	3
20 — 22	Dummy activity.	
21 — 22	Dummy activity.	
22 — 23	KHDI operates independent of USAID financing and seeks ROKG implementation of recommendations.	12

LOAN 489-U-092

COUNTRY KOREA	PROJECT NO. 489-22-590-710	PROJECT TITLE KOREA HEALTH DEMONSTRATION LOAN PROJECT	DATE JAN 77	<div><div></div> ORIGINAL REVISION 1</div>		
CY 1975	1976		1977		1978	
MONTH						
S O N D	J F M A M J J I A S	O N D	J F M A M J J I A S	O N D	J F M A M J J I A S	
PHASES: 0	Buil 7	12 14 16 18	21 22 24 27 28	33	36	
PURPOSE	1. INSTITUTION BUILDING: ORGANIZATION			STAFF RECRUITMENT, GROWTH, DEVELOPMENT & ORGANIZATIONAL MATURATION		
PURPOSE	2. SUCCESSFUL DEMONSTRATION: ORGANIZATION		RESEARCH, DEVELOPMENT, TEST & EVALUATION			
<pre>graph LR 1((1)) --> 2((2)) 2 --> 3((3)) 2 --> 4((4)) 3 --> 6((6)) 4 --> 5((5)) 4 --> 7((7)) 5 --> 8((8)) 6 --> 7 7 --> 10((10)) 8 --> 11((11)) 10 --> 11 11 --> 9[9] style 9 fill:none,stroke:none</pre>						
ANALYSIS SCHEDULE: PROGRESS VS FINANCIAL						
EVALUATION SCHEDULE						

AID 1020-35 (56-76)

CRITICAL PERFORMANCE INDICATOR (CPI) NETWORK

B. National Seminars (Workshops)

One of the KHDI's major activities besides research and demonstration implementation is the sponsorship of national seminars (workshops) to which leading Korean or foreign scholars are invited to discuss various themes on the Health Problems. Through this activity, KHDI hopes to contribute to the public understanding of current health problems and policy issues of domestic and or international importance.

Workshop on Model development and evaluation for health services

This workshop was organized by KHDI and held at Chun Cheon Sejong Hotel, from 20th to 22nd July, 1976.

There were 51 participants, including professors of health and medicine, government officials, representatives of public and private community health service agencies, and Staffs of AID and the WHO.

A summary of the workshop's conclusions is as follows:

1. Health Care Delivery System.

- The present health center/sub-center network is inadequate for KHDI's demonstration projects.
- The existing health care network is incapable of meeting the curative health needs of villagers.
- A new health care delivery system should be linked to referral facilities in order to strengthen curative services for village and *myon* residents.
- The present county level health center should be reorganized as a comprehensive health care center with a curative role, and further referral channels be established for complicated cases.
- At the *myon* level, several *myons* should be grouped into a "health care zone" with one primary health center from which village health agents can be deployed.

2. Health Service Manpower Development and Deployment

- General Practitioners for internal medicine and surgery should be deployed with workers in health education, P.H. Nursing, Sanitation and Health Statistics.
- Trained Health (Nursing) Practitioners should be deployed to handle minor curative needs of people at primary health care centers and to supervise Village Health Agents.

- Village Health Agents should be deployed at the village level to help community residents in simple curative, maintenance care and preventive education.

3. Mobilization of Resources

- Community residents will have to contribute financially for the development and operation of an effective community health delivery service.
- An initial government subsidy will probably be necessary to cover the contributions for poorer residents of rural villages.
- The community should play a direct management role in the primary health care network. A Health Care Development Council at the village or *myon* level was proposed, linked organizationally with the *Saemaul* movement.

4. Evaluation

- Evaluation of health needs, planning, implementation and results should be conducted.

Workshop on Manpower Development in Health Demonstration Project

This workshop was organized by KHDI and held at Oegyo (diplomats) Club, Seoul, on 25th November, 1976.

Approximately 70 participants attended including professors, officials and medical service personnel serving in the three provinces and *guns* of the demonstration sites to discuss manpower problems in implementing the project.

- It is difficult to deploy able physicians in rural areas and KHDI was urged to keep the doctor-population ratio in mind when planning. KHDI should emphasize the continuing need for pre-service orientation training of practicing internship-doctors in rural areas, especially in doctor-less *myons*.
- In utilizing existing health care workers at the *myon* level, incentives such as pay-increases and up-grading should be carefully considered if they are deployed as multi-purpose community health service workers.
- Participants unanimously endorsed the significance of carefully planned pre-service training for all types of personnel to be deployed in the project areas, stressing practical skills and competency.
- If the implementing agency (such as KHDI or local *guns*) encounters difficulty in recruiting adequate numbers of personnel, it may be necessary to take some less qualified health workers and give them additional short-term intensive training.

- To improve out-reach services, installation and maintenance of equipment and upgrading facilities to primary and secondary health care centers was considered essential to impress the consumer and restore integrity of old *gun* health clinics in the demonstration areas.
- Transportation for health personnel and patient referral was also considered necessary.
- The crucial roles of Mother's Club and *Saemaul* leaders were pointed out as necessary to contribute and augment services of CHP and CHA in their respective areas. Distribution of *Saemaul* medication chest to each remote villages were also thought to be essential.
- Manpower strengths, better equipment supplies and attractive remuneration were essential factors to maximize the service efficiency at the secondary and tertiary referral hospitals.
- To enlist the active-participation of rural community leadership, it was suggested that grass-root level training be extended to the community leaders in *Saemaul* Movement and other existing community organizations leaders such as Mother's Clubs, Women's Livelihood (home) Improvement Clubs and Agricultural Technical Development Clubs.
- In addition to manpower and services of health care workers, measures related to managerial and operational aspects of community health centers, referral hospitals, and participation and mobilization of rural people into health service promotion were also discussed with considerable intensity.

Workshop on rural health-care organization

A community health workshop on rural health care organization was held by the Korea Health Development Institute and Korea Community Health Association at Kang Hwa Health Center Yonsei University on November 26th, 1976.

Approximately eighty health professionals (including professors of medical and public health schools, health related government officials, representatives from public and/or private health agencies and health demonstration projects etc.) attended. The workshop was conducted in four parts: health needs, problems and priorities; health care organization for MCH, family planning, tuberculosis control and environmental sanitation; health care organization for curative service and health manpower outline of the Korea Health Development Institute's demonstration projects. In each section, case presentation was followed by group discussion. A brief summary of the workshop is as follows:

- Health needs are of two kinds: those identified by consumers themselves and those professionally identified. These needs should be used to set priorities, justify resources for health planning, and as indicators for evaluation.
- In setting priorities, the health problems of concern to the consumers should be considered first. In rural Korea, more emphasis should be placed on MCH. Noninfectious diseases, mental and dental health problems should also be considered.
- As a solution to the shortage of qualified midwives, to improve hygienic home deliveries. Short-term training for experienced housewives on proper delivery methods was suggested.
- Midwifery service should be included in the nurse curriculum so that midwifery licenses could be given along with nursing licenses.
- Approximately 70% of the registered TB cases neglect to take their anti-TB drugs given from the Health Center. Intensification of health education during medication is critical.
- To promote environmental sanitation at the peripheral levels, more active health education through existing health personnel is required.
- At least one full-time physician for two *myons* recommended: Secondary care services, existing private hospitals and clinics as well as public health facilities should be encouraged.

National Seminar on an Alternative Approach for Medical Care

A National seminar on an alternative approach for medical care was held by the KHDI at School of Public Health, Seoul National University on April 27th, 1977.

Attending were approximately 150 professionals, including professors of medical and public health schools, health-related government officials, representative from public and/or private health agencies and foreign service agencies and organizations. The seminar was proceeded by presentations of major topics, panel and group discussions. The following is a summary of the seminar and discussions.

1. Community Health Project

- KHDI has planned three projects to provide new services to three different

rural *Guns*, with the objective of demonstrating the feasibility of a low-cost, integrated health delivery system. Community participation will play an extremely important role in the development of alternative health services for these projects.

- The characteristics of the three projects in Gunee, Okgu and Hongchon vary somewhat; In Gunee, Community Health Practitioners will be placed in a Community Health Center with an approximate service load of 5,000-10,000 residents. Their main services will be maternal-child health care, family planning, administration of tuberculosis and preventive health education.
- In Hongchon, an established health center will be strengthened, and a coordinated team approach will be stressed with the community physicians, nurse's aides and CHP. In Okgu, an HMO system that will mobilize financial resources for health care delivery will be attempted together with a services network for villagers dwelling in off-shore islands. The feasibility of an HMO system into Okgu area was studied by a consultant team from Kaiser.

2. Kaiser-Permanente Medical Care Program

- The KPMCP has evolved over a 40 year period. This program began very simply, but today, it is the largest non-governmental medical care program in the world. This evolution has attempted to solve several basic problems to:
 - * decrease the cost of medical care.
 - * improve the comprehensiveness and quality of medical care, and
 - * accomplish these objectives within a framework in which the doctor retains control of the system and serves in a medical environment.
- Discussion
Some participants voiced doubt about introducing the Kaiser type program in Korea considering the present needs and attitudes towards medicine, Korea's economic standard and especially the problems involving rural areas. They generally agreed, however, that the Kaiser Program could curtail expenditure and improve efficiency. Therefore, the feasibility of an hmo approach to Korea's health care problems should be considered and studied as a possible alternative.

C. The Baseline Survey

The KHDI convened several meetings with consultants to develop an Evaluation Framework and Baseline Survey outline for the project, and it was completed in November 1976, some two months ahead of schedule. The Baseline Survey was therefore undertaken during November & December.

The Baseline Survey aims to collect basic data on health related subjects before project implementation. This is necessary so that in the future comparisons can be made periodically for project revision, and at project termination for final evaluation.

Design of Questionnaires

A great deal of attention was given to the design of the questionnaire to increase the reliability of the data to be collected. The H.E.W. booklets, *Health Survey Procedure 1964*, and *Health Interview Survey Procedure, 1975*, were used as major guides in designing the questions. The total number of questions, their content, ordering and wording, as well as the method of interview were determined by the KHDI Planning and Research Division with input from the Baseline Survey Ad-Hoc Advisory Team, after the results of two in-field, pretest surveys.

Major Topics

The Baseline Survey had six major areas of concern, morbidity, maternal health practices, child health, and family planning "KAP" (Knowledge, Attitudes and Practices) surveys, fertility and household information. Each of these areas had many subdivisions.

Sampling

As the project activity will be implemented in three demonstration areas with a total population of 500,000, the program is designed to reach a population of some 500,000 people. The universe to be studied and experimented with is located in three selected *guns* (counties) chosen after careful analysis of certain criteria, together with a control area of ten *myon*, equivalent to an average *gun*.

Six sub-populations were agreed upon, to divide the demonstration and control areas into analytically manageable units. Of these, four were from demonstration areas and two from control areas. One sub-population was designated from each of the demonstration *gun* areas (3 total) and one sub-population was chosen from an island in the demonstration *gun*.

From the control areas, one mainland and one island area were designated as sub-populations to be surveyed. (See Table on page 33)

Survey Staff and Data Collection

The household interviews were conducted by a team approach using a standardized-structured questionnaire. Each team was composed of five interviewers and one supervisor, with field operations under control of roving KHCI personnel.

A single round household interview technique was used to gather information on most of the health-related topics: utilization of health services, fertility, mortality, family planning and maternal and child health. For questions concerning morbidity, a double round interview was found to be more effective in the Korean rural settings.

Sample Design of Baseline Survey

Sub-population	Number of 1975 census enumeration districts	Total number of households in census	Number of households sampled	Number of PSUs* sampled in Baseline Survey	Average number of households sampled in each PSU*
(A)	(B)	(C)	(D)	(E)	(F)
Control Area					
<i>Mainland</i>	211	17,204	1,080	20	54
<i>Island</i>	9	821	52	2	26
Demonstration Area					
<i>Mainland</i>					
Hongchon	281	21,885	1,375	28	49
Gunee	158	12,706	800	16	50
Okgu	259	20,252	1,274	26	49
<i>Island</i>					
Okgu	21	1,347	24	2	42
Total	—	74,215	4,662	94	—

* PSU = Primary Sampling Unit

D. Research Services Contracts in 1976

1. **Title:** Study on Curriculum Development for the supplementary (in-service) Education of Nurses and Nurse-aids in Primary Health Care and Other Related Activities in the Community

Principal Investigator:

San-cho Chun, R.N., N.S., Ph. D. President, Korean Nurses' Association

2. **Title:** 1) Selection of Control Areas for the Evaluation of Demonstration Program Effects
2) Sampling and Estimation of Its Errors for the Baseline Survey for Health Demonstration Project

Principal Investigator:

Chi-Hoon Choi, B.S., M.S., Ph. D. Professor of Computer Science and Statistics, Seoul National University

3. **Title:** Comparative Studies on Health Insurance Systems — With special reference to medical remuneration methods

Principal Investigator:

Jong Huh, M.D., M.S., M.P.H., Ph. D. Professor, School of Public Health, Seoul National University

4. **Title:** A Review on Feasibility of the H.M.O. in the Korean Health Care Delivery Settings

Principal Investigator:

Ok Ryun Moon, M.D., M.P.H. Assistant Professor, School of Public Health, Seoul National University

5. **Title:** 1) Functions of the Middle Level Health Workers and Their Supply in Rural Area

- 2) Building Health Care Delivery Model for the Urban Poor

Principal Investigator:

Il Soon Kim, M.D. M.P.H. Ph. D. Associate Professor, Dept. of Preventive Medicine, College of Medicine, Yonsei University

6. **Title:** A Study on Demand of Physical Facilities and Medical Drugs to Meet Health Care Systems in Korean Rural Areas

Principal Investigator:

Sam Sop Choi, M.D., M.S., M.P.H., Ph.D. Professor, Dept. of Preventive Medicine, College of Medicine, Ewha Women's University

Research Service Contracts in 1977

Title: Evaluation of Medical Aid Program — A Quick Survey for Immediate Feedback to the Policy Making Process —

Principal Investigator:

Il Soon Kim, M.D., M.P.H., Ph. D.

Remarks : * Research Service Contracts after July 1977 will be reported in 1978.

E. Publications

- *Monthly Newsletter* (Korean Edition)
- *Brochure introducing the KHDI Activities* (English Edition)
- *A Report of the Workshop on Model Development and Evaluation for Health Services* (Korean Edition)
- *Report of Workshop on Manpower Development in Health Demonstration Project* (Korean Edition)
- *Report of Community Health Workshop on Rural Health Care Organization* (Korean Edition)
- *Document for Fulfilment of Condition's Precedent to Demonstration Project* section 3. 2., AID Loan No. 489-U-092 (English Edition)
- *Proceedings of a National Seminar on an Alternative Approach for Medical Care.*
- *Insurance System between Japan and Korea* (Korean Edition)
- *Feasibility Study for Health Maintenance Organization in Korea* (Korean Edition)
- *Health Demonstration Projects in Korea* (Korean Edition)
- *A Comparative Study of Health Insurance Systems with Special Reference to Medical Remuneration Methods* (Korean Edition)
- *The Development, Role and Training of Middle Level Health Workers in Rural Korea* (Korean Edition)
- *Training Module for Community Health Practitioners* Volume I (Korean Edition)
- *Training Module for Community Health Practitioners* Volume II (Korean Edition)
- *Training Module for Village Health Workers in Hongchon County* (Korean Edition)

PART II. COMMUNITY HEALTH PROJECT ("Maul Geon-Gang Saup")

1. BASIC PLAN OVERVIEW

1) Existing System

Since 1956, Health Centers have been established in every *Gun* (county) of Korea to serve the local communities. A *Gun*-level Health Center is divided into two sub-sections: a) Public Health Sub-section responsible for treatment of illnesses, pharmacology, family planning, and maternal and child health, and b) Preventive Care Sub-section primarily concerned with the control of tuberculosis and immunization against other diseases.

Each *Gun* is administratively divided into an average of ten smaller regions called "*myon*" with an average population of 10,000. The "*Gun*" health center is sometimes represented at this lower level by a smaller health sub-center, or, more frequently, only by nurse-aides who work out of the Administrative *Myon* Offices and who carry out single purpose duties in either tuberculosis control, family planning, or maternal and child health. The director of the *Gun* health center is generally a doctor, but often doctors cannot be found to serve in the remote health-sub centers.

There are several factors which detract from the services rendered by the nurse-aides at the *myon* level. These workers are under the technical control of the *Gun* health center, but under the immediate administrative control of the *myon* chief. Conflicting orders and inadequate supervision often result in a failure to provide even minimal health service to the community. Also, the mountainous topography and widely scattered population make it extremely difficult for a single-purpose worker to provide an entire *myon* with adequate service in any one particular field.

Other problems inherent in the current system are the lack of a referral system for patients requiring more specialized treatment, and a lack or underutilization of health facilities. Because of, and in addition to these shortcomings in the present system, the level of community interest and participation in the health program is very low.

2) Proposed System ("Maul Geon-Gang Saup")

With the rural health system as its first major focus, KHDI has planned three projects that will bring new services to three different rural *Guns* with

- the goal of demonstrating the feasibility of a low-cost, integrated health care delivery system. In the new KHDI projects, community involvement will play an extremely important role in the development and provision of the alternative health services. This philosophy is embodied in the Korean phrase "Maul Geon-gang Saup", which carries the sense that this is a community health project.

The *Guns* selected as demonstration sites by KHDI on the basis of surveys conducted in July, 1976 were Hongchon, Gunee, and Okgu. After consultation with community leaders, the following basic plan was established, with slight modifications for each *Gun*.

Existing health personnel will be reorganized and cross-trained to provide more effective coverage than under the present system. New categories of health workers will be recruited, trained in primary health care, and deployed to the rural areas. Some facilities will also be renovated or established, and equipped to provide better services. At the same time, innovative financial mechanisms will be introduced and a community level decision-making system will be encouraged. The new health delivery system fostered by this project in two of the demonstration areas, Hongchon and Gunee, will be a three-tiered "service and referral" system for primary care. KHDI will work with *Gun* and *myon* (sub-county) officials to restructure the responsibilities and functions of health workers to improve health services. In addition, in Okgu, the project will create an insurance model in collaboration with a major hospital in the area.

2. SPECIFICS OF OPERATION

1) Community Involvement

Permanent improvement of community life through development projects requires active involvement of the community affected. This must be done by stimulating community action rather than imposing action from outside.

The primary benefit from increased consumer participation in KHDI's project is that it brings the health system more closely in line with the needs, desires and priorities of the people it purports to serve.

A) Health Development Committees:

In the KHDI demonstration areas, health will be included as a major component of the community development program. In coordination with the *Saemaul Undong* (New Community Movement,) a Health Development Committee is being established in each community. These committees will be

used to report vital statistics to the *Gun* health center. The Committee will also discuss health needs and health problems of the community and canvass and respond to the desires of the people.

To improve communication through formal and informal gatherings the existing community organizations will be fully utilized to help give health issues higher priority among the various village development programs so that the most common and/or urgent health issues can be supported spiritually and financially by the villagers themselves. The Development Committee will refer any problem it cannot resolve locally to the *Gun* Steering Committee.

B) Health Steering Committee:

A *Gun* Health Steering Committee has already been organized under the chairmanship of the *Gun* Chief, with about twenty representatives of local government and quasi-official agencies, private organizations, and village leaders in the area serving as committee members.

KHDI will work directly with and through this committee to make decisions on health project planning, implementation and evaluation, budget and settlement of accounts, reporting of project progress, operation of health insurance schemes, and other matters related to the operation of the health demonstration project in the area.

The Committee will also serve as a forum for discussing operational problems in implementing health programs in the area, soliciting support, and providing feedback to KHDI on community responses to and opinions about the project.

C) Health Advisory Council:

At the Provincial level, a Health Advisory Council has been organized under the chairmanship of the Governor. The Council consists of Provincial Bureau directors. In addition, several health experts and public representatives have been designated as consultants to the Governor. This Council will coordinate activity at the *Gun* level and recommend to the governor any required actions pertaining to Health Demonstration Project planning and implementation.

D) Community Health Cooperative System:

A Community Health Cooperative System, as envisaged by KHDI, is an entirely new and innovative concept developed to deliver health care to the remote villages and doctorless communities of Hongchon *Gun*. The "CHCS" will be a joint venture between KHDI (through the *Gun* Health Steering Committee) and several cooperating Communities (through the

"Saemaul Movement"). KHDI, the *Gun* Chief, and *Saemaul* leaders will jointly estimate the financial requirements of establishing and maintaining a local Village Health Agent who will provide primary care to the community.

The KHDI will invest some "seed" capital to get the program started, and the village will repay about half the cost. After a few years the CHCS should be self-sustaining through continuing local contributions and interest generated from the investment of any surplus capital.

This scheme should not only decrease government expenses, but it should also provide more motivation for villagers to fully utilize the health agents, and for the agents to work more enthusiastically for the people who are directly responsible for paying them.

2) Community Health Workers:

The delivery of proper health service begins and ends with people. Any successful health program needs dedicated people who are thoroughly trained, well motivated, and assigned to relevant posts. Failure to prepare personnel in this way has caused serious problems in the existing health system in Korea. Hasty preparation and assignment to vast areas has detracted from the quality of services rendered by public health personnel. With this knowledge, KHDI has innovative plans for new staff specially trained for more realistic coverage of health needs in the countryside.

To the largest extent possible, existing health personnel will be recruited and retrained to fill the new roles but will be augmented by new personnel where necessary.

Primary Health Care System:

Community Health Worker	Facility	Area Covered	Population Covered
Primary Care/ Community Physician	Community Health Center	multi- <i>myon</i>	20,000
Community Health Practitioner	Primary Health Unit	<i>myon</i> or sub- <i>myon</i>	5,000-10,000
Community Health Aide	Primary Health Post	multi-village	2,000
Village Health Agent (Hongchon only)	Village Health Post	village	1,000

For all three of the demonstration project areas, three new staff positions have been developed and will be deployed. These are the Primary Care/Community Physician, the Community Health Practitioner, and the Community Health Aide. Also, a fourth position, the Village Health Agent, has been developed to deliver health services to especially isolated villages in one of the three *Guns*. Before explaining each separate project, it will help to understand the roles of the new positions just mentioned.

A) Primary Care/Community Physician

In all three projects, the top position of the primary health care system will be the Primary Care/Community Physician who will be drawn from the ranks of existing professionals and operate at multi-*myon* level Community Health Centers. Only fully licensed physicians, medical residents, or physicians who are licensed to practice in defined geographical areas will be utilized. They will be trained in order to improve their skills and knowledge in providing the following services at Community Health Centers:

- Providing ambulatory care and referral to hospitals
- Organizing MCH and Family Planning Services
- Studying and working closely with the community in implementing health education activities and school health programs.
- Exercising supervision and administrative control over Community Health Practitioners and other workers
- Helping to meet national health needs, specifically those of the rural community

B) Community Health Practitioner

Directly under the Community Physicians, either assisting them or acting independently under their direction, will be a new type of health worker similar to the Physician's Assistant, Nurse Practitioner, or Medex personnel now being utilized in other countries. Community Health Practitioners will be sent to places where there is an absence or shortage of physicians, and they will work as the major authorities on health at new facilities called *Primary Health Units*. They will also be assigned to assist Community Physicians. The successes of such health workers have been widely documented in other countries, and in view of the shortage of physicians in the rural areas of Korea, their utilization would seem to be appropriate here.

Working under the supervision of a physician, the Community Health Practitioner will deliver primary and ambulatory medical care, including outreach services. They will use existing facilities if possible and will act as a bridge between the community and the physician.

Community Health Practitioners will have a wide range of duties:

- Identifying the most common diseases and keeping proper records
- Providing preventive care and treatment for a defined range of conditions
- Applying therapeutic measures as directed by a physician and referring complicated cases to the nearest Community Health Center
- Monitoring patients' progress, particularly those with chronic conditions
- Undertaking educational campaigns to promote health in the community

The CHPs will be trained by KHDI, in cooperation with local schools and hospitals, in order to obtain needed knowledge and skills. The length of training will be about one year, depending on the educational background and prior field experience of the trainees.

C) Community Health Aides

These workers will assist the Community Health Practitioners based at the Primary Health Units. The Community Health Aides will primarily be drawn from the ranks of the present family planning, tuberculosis, and maternal and child health workers who are currently assigned to the *myon* level. They will receive additional training and will be redirected to provide more comprehensive primary health services than they have in the past. Formerly each worker at the *myon* level had one job and covered the entire *myon*. The Community Health Aide will have a wider range of technical responsibilities, but will be responsible for a much smaller geographic area. The Community Health Aides will perform many functions under the guidance of Community Physicians and Community Health Practitioners. They will:

- Provide prenatal MCH care and assist in normal deliveries of babies
- Carry out vaccinations and treat minor injuries and illnesses
- Counsel on family planning and provide nutritional guidance and/or health education
- Collect specimens for identification of illnesses and undertake control measures of tuberculosis patients
- Identify and refer those cases which she should not handle.

The training course for the CHAs will be the same training given to the Village Health Agents, but will also include more theory and clinical practice. It is estimated that the initial course for CHA's will last eight weeks.

D) Village Health Agents: (Hongchon Gun only)

The Village Health Agent (VHA) is a man or a woman who is literate and selected by the Local Health Committee or other village authorities to

identify and deal with the general health problems of the community. The VHA will be responsible both to the local health committee or village authorities and the Community Health Practitioner and/or Community Health Aide appointed by the *Gun* Chief. Once the Community Health Co-operative System is fully functioning the VHA's may be paid by the village for their work with the concurrence of the local health committee.

The VHA will be trained for eight (8) weeks by a special VHA training group. Trainers will include KHDI staff members, training experts from the Korean Red Cross, other pilot projects' staffs, qualified personnel from the Government Health Service, etc.

The duties of the VHA will probably be restricted to the areas of:

- Maternal care: Pre-natal care, delivery care, post-natal care, etc.
- Child health: Infant feeding, malnutrition, etc.
- Communicable diseases: Diarrheas, respiratory infections, fevers, epidemics, etc.
- Accidents: Burns, wound, fractures, bites, etc. (which must be simple cases, otherwise the case should be referred to the next level of the health care delivery system)
- Village and home sanitation, common local health demands, etc.

The health work of the VHA will be strictly limited to what is taught and the VHA must realize the limitations of his/her assignment and be aware that there are only a limited number of specific things he/she can do.

Over these newly developed health positions will be the present *Gun* health center director. His role will be different in each of the demonstration areas but he will generally be the supervisor of his *Gun*'s entire primary health care system.

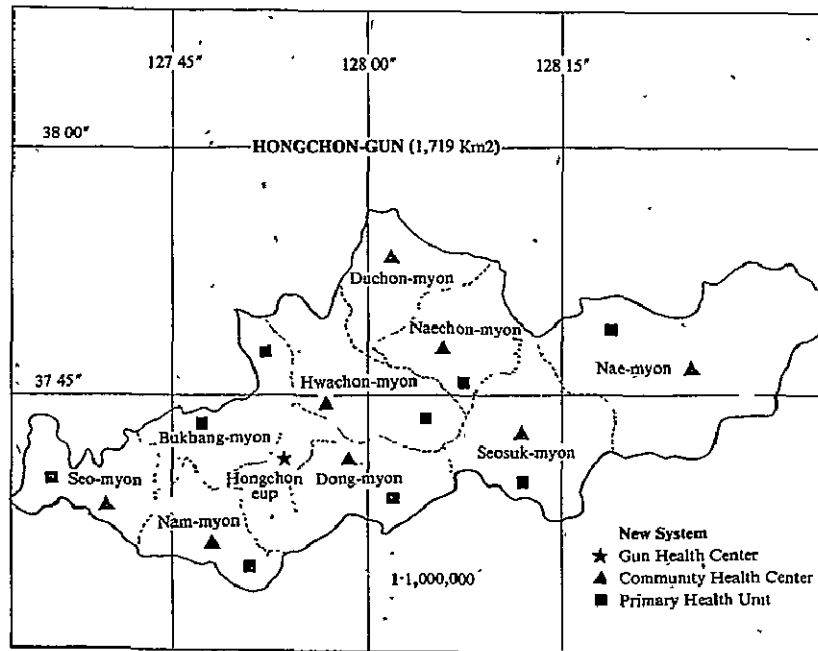
3) PROJECTS IN DETAIL

A. Hongchon *Gun*

Hongchon is a large, mountainous *Gun* in Kangwon Province. With widely dispersed villages and poor accessibility to many areas, a large number of workers will be necessary at the lower levels to provide effective primary care.

The Primary Care/Community Physicians (CP), the Community Health Practitioners (CHP), the Community Health Aides (CHA) and the Village Health Agents (VHA) will be employed at appropriate facilities. Constant contact and communication will be maintained between various levels of the system so that referrals of exceptional or difficult cases can be made easily. The referral system in Hongchon *Gun* will be as follows:

NEW "MAUL GEON-GANG SAUP" SYSTEM



Tertiary Care

Secondary Care

Primary Care

Chunchon Provincial and
Wonju Christian Hospital

Gun Health Center
with Beds

Community Health Center (CHC)*

Primary Health Unit (PHU)

Village Health Agent (VHA)

* Existing as Health
Sub-center

Legend: ☐ Existing
☐ Proposed
↑ Referral

Because of the distance, the transportation difficulties and expenses involved in referring patients to Chunchon or Wonju cities (at least 40 Km away from the most accessible part of Hongchon), KHDI will provide an ambulance service for emergency transportation. The KHDI will also expand the functions of the *Gun* Health Center by providing beds. If expanded, it will become a *Gun* Health Referral Center.

At the village level, in Hongchon, a unique system of financing will be set up, the Community Health Cooperative System (CHCS), whereby villages will support their own limited health system with small fees paid by the villagers. The KHDI will invest some "seed" capital to get the program started, and the village will repay about half the cost to the KHDI. After a few years the Community Health Cooperative System (CHCS) should be self-sustaining through continuing local contributions and interest generated from the investment of any surplus capital.

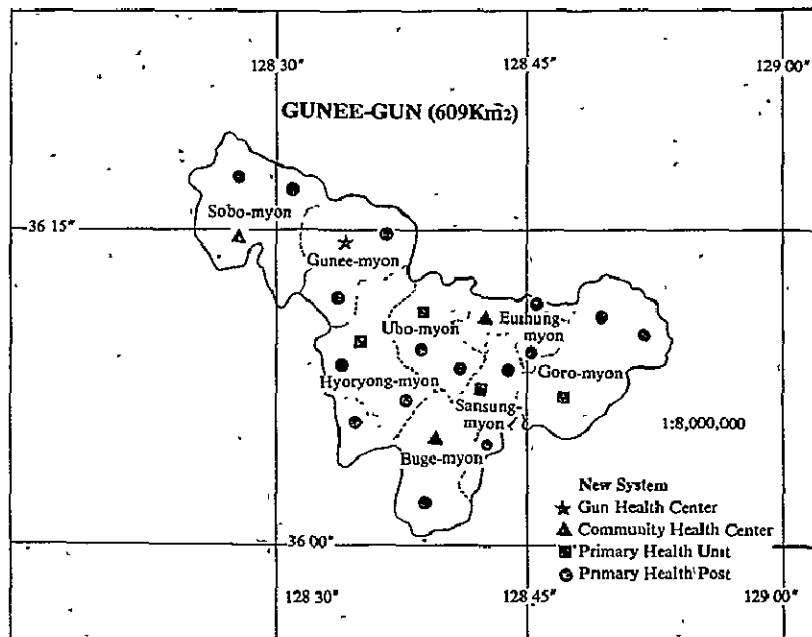
B. Gunee Gun

Gunee *Gun* (About one-third the land area of Hongchon) is located in a mountainous region in GyeongSang Buk Province. Transportation problems exist in Gunee, but they are not as severe as those in Hongchon. Therefore, roving Community Health Aides (CHA) should be able to adequately serve the villages of Gunee *Gun*. This will also provide a way to compare the effectiveness of the workers at the first level of the primary care systems in Hongchon *Gun* and Gunee *Gun*.

In essence, the three strategically located Community Health Centers (CHC) will perform the present health activities of the *Gun* Health Center. Each CHC will cover several *myons*; and this smaller population will be provided better services. The Primary Health Units (PHU), staffed by Community Health Practitioners (CHP), will be located in *myons* not covered by a CP. CHA will work in a separate facility, the Primary Health Post (PHP).

CHA will be the first level of the primary health system in Gunee *Gun*. Patients in need of more sophisticated care will be referred through the system, to PHU and then if necessary to CHC. The Community Physicians will send patients who need to be hospitalized to Jenam Hospital (in nearby Euisung *Gun*) and from there to Gyeong-Buk University Hospital for tertiary care. The *Gun* Health Center will coordinate the Primary Care System and will be responsible for its administrative and technical management.

NEW "MAUL GEON-GANG SAUP" SYSTEM



Tertiary Care

Gyeong-Buk University Hospital

Secondary Care

Jenam Community Hospital

Gun Health Center

Primary Care

Community Health Center (CHC)*

Primary Health Unit (PHU)

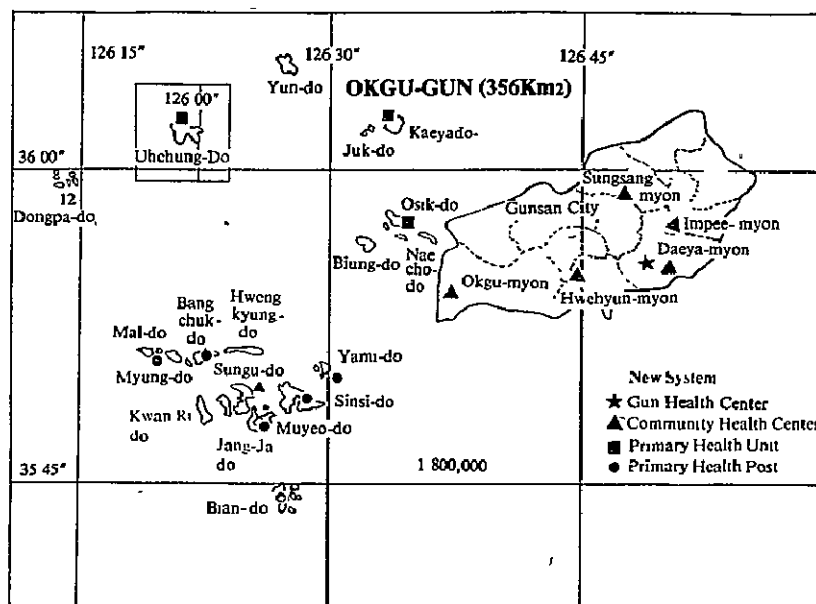
Primary Health Post (PHP)

* Existing as Health Sub-center

Legend: Existing
 Proposed
 ↑ Referral

C. Okgu Gun

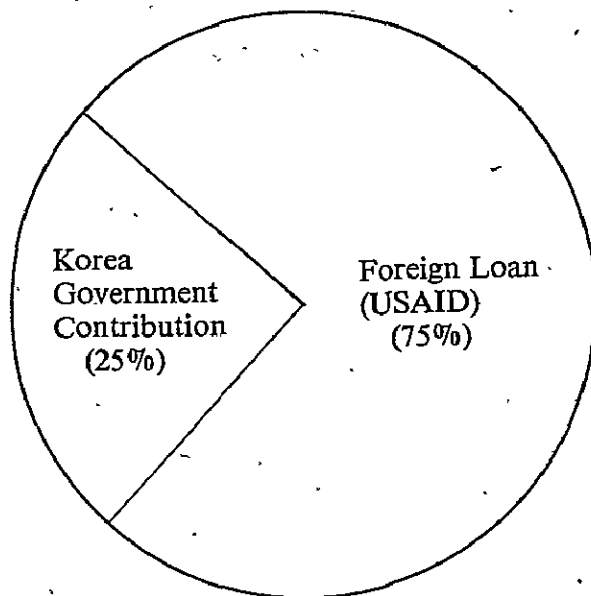
Okgu Gun is a small flat, fertile region in Chula Buk Province on the shore of the Yellow Sea, and includes 19 islands. The Gun surrounds Gunsan City on three sides and transportation throughout the Gun and to the city is good. The residents of Okgu have a higher than average income and the medical facilities in the city are adequately equipped. Nevertheless, in the rural areas the medical care is inadequate.



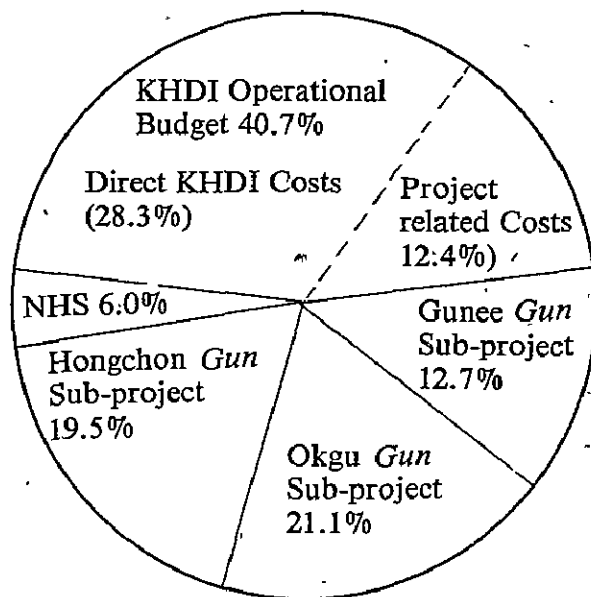
Okgu has a number of assets that make it suited to another financing scheme: a Health Insurance Organization. In preparation for developing a system KHDl will conduct a feasibility study for a prepayment or insurance type system. If the feasibility study results are favorable and the recommendations are acceptable to all concerned, the Okgu Gun Health Center personnel will be reorganized to oversee the development activities of the central hospital of the Health Insurance Organization system. Simultaneously six CHCs will be established (similar to Gunee) utilizing Community Physicians, CHP and CHA. On the islands, the present Hospital Ship system will be improved and a referral network established from CHA on 14 islands through 3 CHPs to a Community Physician. The Physician, dividing his time between a clinic on Sunyu Island and the travelling Hospital Ship, will refer patients to Gunsan Provincial Hospital for advanced care.

BUDGET (General)

Capital Resources (Total \$6,667,000)



Capital Expenditure (Budget up to 1980)



A PROGRAM FOR THE TRAINING AND UTILIZATION OF COMMUNITY HEALTH WORKERS

I. Introduction

This chapter describes the training programs developed by KHDl in Jan. '77 to train or retrain the principal health personnel needed in the new health delivery networks in the KHDl demonstration areas. The plan is an integral part of the overall implementation plan for the ROKG/AID Health Demonstration Loan Project. It also specifically covers the training of Physician Extenders (herein called Community Health Practitioners) and Middle Level Workers described in the Health Loan Agreement (Section 3.2). The training at all levels will attempt to stress the preventive and promotive aspects of health as well as the curative. Consequently, it is assumed that all health workers will be concerned with the broader community and environmental factors which have an important impact on the people's health and on specific programs directed toward health improvement.

The training program strives to achieve various objectives:

1. Providing qualified health personnel at various levels to meet the health needs of all the people.
2. Reducing the costs, but not the quality, of health care by better organizing the health tasks to be performed and by a more rational allocation of personnel to perform these tasks.
3. Increasing community participation in the health delivery system as an essential prerequisite for long term improvement

II. Rationale and Assumptions

It is assumed that the Project can best achieve its long-term objectives by making maximum utilization of the health personnel who are already located in the demonstration areas. However, it is also recognized that some new personnel will have to be recruited from outside. In either case, it will normally be necessary to provide additional orientation or training even though the personnel concerned have been previously trained and certified at national training institutes or colleges. There will be a special need for training in community health, new developments in low cost health delivery, and

related topics vital to the achievement of the Project's objectives. Moreover, in many cases, the health providers will be serving in more responsible positions and their previous training will not have prepared them for this. Finally, it is assumed that well-supervised field training is as critical as high quality didactic training, so both aspects are given appropriate weight in the training strategy.

Initially, priority will be given to the training of the following health workers who will play key roles in the improvement of the health delivery network in the demonstration areas:

New Role/Title:	Old Role/Title:
1. Community Physician	1. Physician/Limited Practice Physician
2. Community Health Practitioner (CHP)	2. Nurse/Nurse-Midwife
3. Community Health Aide (CHA)	3. Nurse Aide
4. Village Health Agent (VHA)	4. (None existed)

As time and other resources permit, training will also be provided to other health workers or auxiliaries whose knowledge and skills should be upgraded so that they can better support project activities in the KHDI demonstration areas.

III. Community Physicians

Selected physicians, Director of the *Gun* (county) Health Center, physician in Community Health Center, local private physicians, etc., will be oriented or trained in order to improve their skills and knowledge for:

1. Providing community health services (e.g., promotive, preventive and curative services).
2. Helping to meet national health needs.
3. Studying and working closely with the community.
4. Organizing health services.
5. Exercising supervision and administrative controls. They will then be better able to serve the community by providing primary/referral treatment and by supervising and supporting the CHPs, CHAs, and other health workers. Refresher training will also be provided from time to time through workshops and seminars on innovative health care and community health services whenever they are necessary.

The preliminary curricula can be summarized as follows:

1. Community health concepts and practices (preventive and curative).
2. Overviews of the Government and KHDI policies and programs for improving health services, especially for low-income groups and rural areas.
3. Health care system administration (including health insurance, referral schemes and health and health-related regulations).
4. Health promotion activities, including health education and community involvement.
5. Health management information systems and the collection/utilization of vital statistics.
6. Sociology of health care and its relationship to community development.
7. Training, coaching, and supervisory techniques (related to integrated health services and the functioning of health care teams in the field).
8. Observation of existing pilot projects and demonstration areas.

A seminar will be held in June 1977 for ten Community Physicians. The summer of 1977 will also be a time for refresher courses and seminars. Thirteen more Community Physicians (CPs) will also be trained in the same manner in 1978.

IV. Community Health Practitioners

Community Health Practitioners (CHP) are a new category of health worker and are similar to the Medical Assistants, Physician Extenders, Medex, or Nurse Practitioners in other countries. They will be trained to meet the immediate health needs of designated communities where the services of physicians are often lacking or inadequate. Working under the general supervision of a physician, CHPs will deliver primary health care for the communities and inhabitants. Their duties will be:

1. To identify the most common diseases
2. To take general medical histories and perform physical examinations
3. To order and/or perform frequently required laboratory tests and procedures.
4. To provide preventive care and treatment for a defined range of conditions
5. To apply therapeutic measures as directed by a physician

6. To monitor patients' progress, particularly those with chronic conditions
7. To refer complicated cases to the nearest Community Health Center or authorized private practitioner
8. To undertake educational campaigns to promote good health in the community
9. To keep proper records

The CHPs will be trained by KHDI, in cooperation with local schools and hospitals, in order to obtain needed knowledge and skills. The length of training will be about one year, depending on the educational background and prior field experience of the trainees.

The training curricula for the CHP will include recognition and treatment of specific diseases and illnesses, midwifery and MCH, gynaecology, nutrition and pediatrics. The purpose of this training will be to give CHPs a thorough grounding in basic community health services to enable them to work in the field under the general supervision of qualified physicians.

The curriculum and textbooks for the CHP's will be developed after an extensive review of current training methods and materials for physician extender has been undertaken by the KHDI training team.

The CHP candidates will be selected on the basis of recommendations, tests and interviews.

The training staff will be selected (Part III) and training will begin in July 1977.

Both the contents of the training courses and the trainees' performance will be continuously evaluated by the training staff.

V. Community Health Aides

According to preliminary operational plans, Community Health Aides (CHA) will be the "grass-roots" personnel for the new health care delivery system in Gunee *gun* and the islands or remote areas of Okgu *gun*. In Hongchon, the grass-roots position will probably be filled by a Village Health Agent (VHA). The CHAs will operate on a higher professional level: supervising the VHAs and more directly supporting the work of the Community Physicians and the Community Health Practitioners. However, the training for CHAs in all three demonstration areas will be substantially the same.

The Community Health Aides will primarily be drawn from the ranks of family planning, tuberculosis, and maternal and child health workers (nurse-aides) who are currently assigned to conduct their activities at the *myon*

office or health sub-center. These workers will receive additional training and will be redirected to provide more comprehensive primary health care services than they have in the past. Each Community Health Center will have one CHA on its staff in Hongchon and two in Gunee. In Okgu; there will be 1 CHA per 1,500 population and two CHAs will be assigned to every Primary Health Unit. The Community Health Aide will perform the following functions under the guidance of Community Physicians and Community Health Practitioners:

1. Provide prenatal and postnatal MCH care
2. Assist in normal deliveries of babies
3. Administer immunizations/Vaccinations
4. Treat minor injuries and illnesses
5. Provide nutritional guidance and health education
6. Counsel on family planning and dispense pills and condoms
7. Undertake identification and control of tuberculosis patients
8. Collect specimens for identification of illnesses
9. Identify and made referrals of cases which she should not handle.

The training course for the CHAs will cover the same training given to the Village Health Agents, but will also include more theory and clinical practice. It is estimated that the initial course for CHA's will last eight weeks. In addition, a field manual is being prepared to help the CHA's in their work.

The training will begin in July 1977 with two consecutive eight (8) week classes of about thirty-five (35) CHAs. Each year two groups of CHAs will be trained so that, by the end of 1979, approximately two hundred (200) will have been trained and deployed to demonstration areas.

The overall training effort will be evaluated by KHDI-designated Training Teams. Supervisors in the field will also provide on-going evaluations of the CHAs' work.

VI. Village Health Agents

The Village Health Agent (VHA) is a man or a woman who is literate and selected by the Village Health Committee or other village authorities to identify and deal with the general health problems of the community. The VHA will be responsible both to the Village Health Committee or village authorities and receive technical supervision from the Community Health Practitioner and/or Community Health Aide appointed by the *Gun* Chief or *Gun* Health Center Director. The VHAs will be paid by the village for their

work, however, they may be paid initially from KHDI project funds until the local *Saemaul* (New Community Movement) Cooperative Health System is fully functioning.

The VHA will receive an initial period of training of eight (8) weeks from a special VHA training group. Trainers may include KHDI staff members, training experts from the Korean Red Cross, other pilot projects' staffs, qualified staffs from the Government Health Service, etc.

The VHAs will be trained in groups of about twenty (20). Three (3) such groups will be trained in 1977 with the first group starting in July and the other two (2) groups following consecutively. The VHA will also be given a two weeks refresher upgrading course each year. The training will be of a practical nature and will be given in the area of assignment if feasible. Preferably, his/her health supervisor should give the major portion of the instruction.

The health work of the VHA will be strictly limited to what is taught and the VHA must realize the limitations of his/her assignment and be aware that there is only a restricted number of specific things he/she can do.

The duties of the VHA will probably be restricted to the areas of:

1. Maternal care: Pre-natal care, delivery care, post-natal care, etc.
2. Child health: Infant feeding, malnutrition, etc.
3. Communicable diseases: Diarrheas, respiratory infections, fevers, epidemics, etc.
4. Accidents: Burns, wounds, fractures, bites, etc. (which must be simple cases, otherwise the case should be referred to the next level of the health care delivery system)
5. Village and home sanitation, common community health demands, etc.

The VHA training will be evaluated by a KHDI-designated VHA training group. The VHA's work will be evaluated by the Village Health Committee and by their health supervisors on a regular basis.

VII. General Procedures for Recruitment and Selection of Trainees

The general procedures for selection of candidates for training will be as follows:

1. KHDI, after consultation with the training institution, will issue guidelines for the selection of candidates for each course. In addition to qualifications for specific courses, the following general guidelines will apply to all recruitment and selection activities:

- Preference will be given to technically qualified candidates who are now serving in the demonstration *myon* or *gun* for which the training is being provided. If no such candidates are available, then candidates from other areas will be considered.
 - If there is more than one candidates from the local area applying for the position, preferences will generally be given to the candidates with the longest period of relevant training and experience.
 - All candidates must be willing and able to work in their assigned community for a specified number of years after completion of their training. In the case of Community Health Practitioners, this period of post-training obligatory service will be at least three years. For other workers, it will be specified in each case by KHDI in advance of the training.
2. The *Gun* Health Steering Committee will be responsible for obtaining the concurrence of provincial or other relevant authorities upon the nomination of candidates to KHDI.
 3. KHDI will be responsible for making the final selection of training candidates.
 4. KHDI will be responsible for coordinating the processing of papers related to any required post-training certification or licensing.
 5. Additional procedures pertaining to the selection, training, and certification of Community Health Practitioners are covered in the attached paper dealing with this worker.

Appendix I.

CHRONOLOGY 1972-1977

December 1972

Formal request for loan made by Korean delegation at International Economic Commission for Korea (IECOK) conference, to establish County Health Care Centers.

November 1973

USAID dispatched feasibility study team to Korea for the health care project on the basis of the above request. The following recommendations were submitted by the team:

- a. Conduct a survey on the health care needs.
- b. Develop a low-cost health care system.
- c. Establish a health planning branch (or statutory function in the government) exclusively in charge of planning.

June 1974

Health Planning Agreement concluded between the Republic of Korea Government and the United States of America (USAID):

August 1974

Need for a Health Loan Project discussed because the Korean Health Services were considered inadequate, existing services were independently sponsored, and uncoordinated.

October 1974

Westinghouse Health System Group given a Grant funded contract to assist in long term health planning.

November 1974

EPB requested U.S. loan of \$5,000,000 for Korea Health Demonstration Project.

January 1975

EPB, MHSA and USAID discussed potential projects and the loan for Korea Health Care Demonstration Program.

April 1975

Loan team developed a proposal to finance projects to improve the quality of basic health services at township/village level, and upgrade preventive health education activities which directly support primary health care.

August 1975

Final loan proposal draft submitted to EPB.

September 1975

Parties concerned (Minister of Economic Planning Board of ROK and Director of USAID) signed Loan Agreement for Korea Health Demonstration Project.

December 1975

The KHDI (Korea Health Development Institute) Law proclaimed. (Law No. 2857)

April 1, 1976

Presidential decree approved by President and promulgated. (Presidential Decree No. 8061).

April 3, 1976

Inaugural National Health Council convened. Plan of work for KHDI and appointment of KHDI President, Dr. Hyung Jong Park approved.

April 9, 1976.

Necessary documents of CP (set forth in Sections 3.1-(a)-(J) of the Loan Agreement, AID Loan #489-U-092), submitted. Implementation Letter issued by USAID on April 13, accepting the materials as sufficient to meet the initial set of CPs.

April 13, 1976

First meeting of Board of Directors. Rules and regulations approved. Dr. Kwon E. Hyock elected chairman, temporary budgetary provisions FY 1976 adopted, Secretary-general, Mr. Chong-myun Chung appointment approved.

April 15, 1976

Incorporation of KHDI at Registry Office of the Seoul District Court.

April 19, 1976

Inauguration Ceremony was held and attended by Minister Hyun Hwack, Shin and US Ambassador Mr. Schneider among other dignitaries.

May 28, 1976

Second Board of Directors Meeting held. Operating program (work plan) for FY 1976 adopted.

June 5, 1976

Technical Consultants meeting held to select the demonstration sites.

June 29-July 1976

Dr. Hyung Jong Park, President participated in WHO conference in Manila.

Mid-July 1976

AID assigned Mr. Kenneth F. Smith to KHDI as Management Systems Advisor.

July 20, 1976

Third Board of Directors Meeting held. Remuneration plan for FY 1976 for directors and staff adopted.

July 20-22, 1976

Seminar on Development of New Health Delivery System and its Evaluation, held at Saejong Hotel, Chunchon. More than 60 participants attended.

July 24, 1976

Dr. Richard H. Heniman, WHO Korea, Dr. M. Subramanian, WHO Regional Office for W.P.R. visited the KHDI.

July 25, 1976

KHDI received 16 applications for Demonstration Sites from provincial Governments.

August 2, 1976

Fourth Board of Directors Meeting held. Preparatory fund provision for overseas trainees approved.

August 6, 1976

First edition of monthly Newsletter published and distributed.

August 10-15, 1976

Conducted on-the-spot field survey to select demonstration areas.

August 15-Sept. 6, 1976

President Park Hyung Jong's observation tour to U.S.A. to obtain a general overview of health programs and to visit USAID/W.

September 2, 1976

First Technical Consultants Meeting to discuss the therapeutic manual development.

September 10, 1976

Second Technical Consultants Meeting to discuss the therapeutic manual development.

September 11, 1976

Organization Ceremony for Civil Defense Unit was held.

September 12, 1976

Technical Consultants Meeting held to discuss Baseline Survey for Demonstration Areas.

September 13, 1976

Brochure to introduce the activities of KHDI (English edition) published.

September 13, 1976

Detailed PERT network analysis of ongoing activity in late August indicated that KHDI would not be able to meet the deadline for the second Set of CPs by 13 September 1976. A 120 days extension requested. Subsequently approved by AID/W (Deadline 11th, January 1977).

Mid-September 1976

Mr. Ross Thomas, PPC/PBAR Staff, and Mr. Rudolphe H. Ellert-Beck, Korea Desk Officer AID/W visited KHDI to assist in developing CPI network (Critical Performance Indicators)

September 17, 1976

Fifth Board of Directors Meeting held. Three Demonstration Areas: Gunee, Okgu and Hongchon County, adopted.

September 20-October 1st 1976

President Park Hyung Jong participated in WHO conference, Manila.

September 22, 1976

Technical Consultants Meeting to discuss use, training and deployment of Health Workers.

October 3-24, 1976

Secretary General Chong-myun Chung, Project Div. Chief, Sung Kyu Ahn, Manpower Development Div. Chief, Prof. Yoon Kil Byung observation trip of Health System to America accompanied by Mr. Kenneth F. Smith, AID Advisor.

October 4, 1976

Technical Consultants Meeting to discuss Health Baseline Survey.

October 4-20, 1976

Conducted follow up tour in three selected Demonstration Areas to establish working relationships with Local Community Leaders.

October 5, 1976

The Asia Foundation donated 118 volumes of books to KHDI. (Asia Foundation Representative: Lindley S. Sloan)

October 12, 1976

Technical Consultants Meeting to discuss and adjust the Baseline Survey Plan.

October 14, 1976

Dr. R. Linder, Regional Advisor WHO, Manila visited KHDI.

October 14, 1976

Shigeaki Tomita UNFPA/HQ New York, Dr. Richard Moore, Representative UNFPA visited KHDI.

October 24, 1976

Technical Consultants Meeting to plan implementation of Community Health Project in Gunee and Okgu County.

October 25, 1976

Seminar on Manpower Development at Diplomatic Club, Seoul to discuss anticipated problems in Demonstration Implementation. Concerned officials from three Demonstration Areas gathered together, 70 participants.

October 25, 1976

Dr. A. Rankin, Representative WHO/Korea visited KHDI.

November 10-December 19, 1976

Baseline Survey conducted for 4,700 households in three demonstration areas and for 10 *Myons* in Control Areas.

November 12, 1976

Mr. Alan McBain UNICEF Representative/K, Mr. Keshab B. Mathema and

- Mr. Antonio Hidalgo, Planning Consultant visited KHDI.
- November 24, 1976*
Dr. James R. Brady AID/GDO donated 90 volumes of books to KHDI library.
- November 1976*
Dr. Leo Pastore, Director Peace Corps/K and Dr. Arnold H. Bodner, MD. MPH, Health Director visited KHDI.
- November 26-27, 1976*
Seminar on Kangwha Health Project held at Yonsei Kangwha Health Hqs, 80 participants.
- November 30-December 19, 1976*
President Hyung Jong Park attended WHO conference, Manila.
- December 3, 1976*
Mr. Ahmed Mohamed Shoukry, Director of Family Planning, Child and Family Welfare Dept., Ministry of Social Affairs, U.A.R. (Egypt) visited KHDI.
- December 13, 1976*
Dr. Poasa Buresora, Senior Medical Officer of Medical Dept., Fiji visited KHDI on observation tour of Family Planning sponsored by WHO.
- December 13, 1976*
Three members of Peace Corps assigned to KHDI: Mr. Christopher D'Arrezo, Mr. Richard Folan and Ms. Margaret Findley.
- December 17, 1976*
Technical Consultatns Meeting held to discuss role and function of Community Health Practitioners (CHP).
- December 23, 1976*
Sixth Board of Directors Meeting adopted the carry forward plan of Surplus Funds.
- Jadnuary 1977*
Klaus M. Weyand, Economist, East Asia Dept. KFW, Dr. Roy Korbe, German Agency for Technical Cooperation, Dr. Eberherd Willinger, Ministry of Economic Cooperator and R. Arnow Rovaks, Germany visited KHDI.
- January 8, 1977*
Ministry of Health and Social Affairs approved training schedule for Community Health Practitioners.
- January 10-12, 1977*
President Hyung Jong Park attended WHO conference in Geneva.
- January 11, 1977*
Completed "Document for Fullfilment of conditions precedent to Demonstration Projects" required by USAID. KHDI designated the integrated Health Demonstration Project as "Maul Geongang Saup" in Korea. Formally accepted by USAID, 27 Jan. 1977.

January 15-February 20, 1977

Contractual Agreement between KHDI and respective Provincial Government for Demonstration Projects drafted.

January 18, 1977

Seventh Board of Directors Meeting held. Remuneration plan for directors and staff FY 1977 approved.

January 20, 1977

Dr. John R. Sibley, Koje Community Health Project visited KHDI.

January 21, 1977

Dr. Fred W. Reed, Ph.D UNICEF Communication Consultant visited KHDI and helped develop list of non-medical equipment to be procured by DRA Fund.

February 2, 1977

Dr. Paul Fisher, Chief International Staff, Social Security Administration Dept. of Health Education and Welfare Wash. D/C visited KHDI to discuss Health Insurance Problems.

February 3, 1977

Appointment of Field Officers for Demonstration Areas.

Mr. Kim Kong Hyun for Hongchon County Demonstration

Mr. Kim Eun Yeung for Gunee County Demonstration

Mr. Kang Nam Hi for Okgu County Demonstration.

February 16, 1977

Administrative support for implementation of demonstration project requested to MHSA.

February 24, 1977

Demonstration Implementation Contractual Agreement concluded between Governor of North Kyungsang Province and President KHDI.

February 25, 1977

Demonstration Implementation Contractual Agreement concluded between Governor of Kangwon Province and President, KHDI.

February 28, 1977

Demonstration Implementation Contractual Agreement concluded between Governor of North Cholla Province and President, KHDI.

March 5, 1977

Meeting of Directors of Health and Social Affairs from Demonstration Provinces held.

March 15, 1977

Dr. Rodney N. Powell, M.D., MPH, Associate Director/Planning, and Dr. Mona R. Bomgass, M.D., MPH, Associate Director/Evaluation, University of Hawaii visited KHDI to assist KHDI as a Consultant in Competency — based curriculum development for CHPs. After preliminary visit to Seoul, the team indicated that they would not assist KHDI

March 16, 1977

Start preparation of detailed work plan for Demonstration Project in the Demonstration Areas; How to increase table of organization (employing required health workers on temporary basis) and drafting the regulation to support the demonstration project by the respective *Gun*.

March 21, 1977.

Technical Consultants Meeting held to discuss Hongchon Project.

March 21-April 20, 1977

Regulations for implementing Maul Geongang Saup submitted to the Ministry of Home Affairs for approval.

March 22, 1977

President Park Hyung Jong selected as a member of WHO Advisory Panel on Public Health Administration by S-G Dr. H. Marler, WHO.

March 26, 1977

Brochure for Maul Geongang Saup published and distributed (English edition).

March 26-April 10, 1977

3 *Gun* chiefs (Mr. Sung Ki-Bang of Hongchon, Mr. Kim Myong Ho of Gunee, Mr. Kwon Sung Joo of Okgu), 2 relevant Governmental officials (Mr. Kang Woo Hyack, MHA and Mr. Shin Jae Kap, MHSA) and 2 KHDI staff (Woo Tack, Chung & Nam Hi, Kang) sent to U.S.A. for observation of health service systems.

March 28, 1977

Detailed work plan for Maul Geongang, Saup established for FY 1977.

March 30, 1977

Dr. Fransisco Dy., Regional Director, Western Pacific Sector, WHO visited KHDI and discussed WHO support in Maul Geongang Saup.

March 31, 1977

Eighth Board of Directors Meeting held and adopted Auditing Report FY 1976.

April 2-10, 1977

Three staff (Mr. Kim Kong Hyun, Project Div., Mr. Nam Chul Hyun, Manpower Div. and Mr. Kim Ung Seok, Planning Div.) visited Thailand to observe Lampang Health Project.

April 10-20, 1977

Project concern consultant team (Mr. C. Robert Cronk, Executive Director and Mr. Gretchen Manley, Health Program Administrator) visited KHDI and Hongchon Area. Recommended revision on the work plan of Hongchon project and will submit formal proposal for long term consultancy.

April 16, 1977

Meeting to explain Demonstration Project to relevant officials of MHA.

April 17-29, 1977

Kaiser Foundation International Pre-feasibility Study Team visited KHDI and

Okgu Area to study the possibility of Health Maintenance Organization System in Okgu Area.

Dr. Paul Zukin, Vice President, Medical Affairs.

Mr. Robert E. Willcox, Hospital Administrator.

April 20, 1977

Demonstration Training for civil defense unit (The 63rd in Seoul).

April 20-27, 1977

President Hyung Jong Park attended WHO conference in Manila.

April 20-30, 1977

Review & Revise Hongchon Project Plan.

April 26, 1977

Dr. Sohn Chun Ho — Ex-president KMA resigned from Board of Directors.

Dr. Kyok Boo Hahn, new president of KMA succeeded him.

April 27, 1977

To commemorate KHDI inauguration, and review Feasibility Assessment of prepaid Health Care Program proposed by Kaiser International Consultant Team, a national seminar "Alternative Approach for Medical Care" was held at School of Public Health, SNU. An Exhibition of Picture of KHDI Activities held, concurrently.

May 1-10, 1977

English Translation of detailed Work Plan for FY 1977 completed and distributed.

May 4, 1977

Request for approval of T/O for temporary employees in three *Gunis* submitted to MHA.

May 14, 1977

Self-disciplinary purification rally held. 4 item resolutions adopted.

May 17-19, 1977

Technology '77 Symposium sponsored by KHDI under the auspices of Korea Chamber of Commerce and British Consultants Bureau held.

May 18, 1977

Meeting of Relevant Officials from Demonstration Areas to discuss anticipated problems.

May 20, 1977

Mr. Harry J. Petrequin, Jr., Director, Office of Indonesian & Korea Affairs, AID/W, Mr. Dennis P. Barret, AID Representative, Mr. William E. Paupe, New Chief, General Development Office, Mr. Leon Wight, Controller and Mr. Gales, Loan Officer visited KHDI.

May 20, 1977

9th Board of Directors Meeting, partial revision of Work Plan for FY 1977 Adopted.

Dr. G. Nugroho, WHO, Manila visited KHDI to discuss National Seminar on the Primary Health Care System to be held Sept. 1977.

May 23, 1977

Three members of Peace Corps left the Institute upon completing tour of duty in Korea. A significant work accomplished by these members was KHDI Sound-Slide Presentation for the demonstration project.

May 23-June 2, 1977

3 members of Lampang Project invited to assist in developing CHP Training Module.

Dr. Sombun Phong Aksara, Project consultant

Dr. Pien Chiowanich, M.D., Chief Evaluation Div.

Dr. Choomnoom Promkutkao, MPHTM, Dr. PH. Chief Personnel Div.

May 23, 1977

Welcome to Mr. and Mrs. Willaim E. Paupe-AID, Farewell to Dr. and Mrs. James R. Brady AID, Reception held at KHDI Conference Room.

May 26, 1977

Health Observation Team from Republic of China visited the Institute.

Dr. Chau-chin Lim, MD, MPH, Deputy Director-General, National Health Administration, Republic of China.

Mr. Dou-chin Chou, Colonel, National Defense

Mr. Ing-ell Chang, Chief, Health Education Section, MPH.

Ms. Gin Lieu Shieh, Technician.

May 30-June 11, 1977

Mr. Yasuo Kobayashi, Deputy Director, National Health Insurance Division, Health Insurance Bureau, Ministry of Health and Welfare, Japan, consultant visited KHDI to review and develop Health Insurance System.

May 31, 1977

10th Board of Directors Meeting adopted partial revision of Budget for FY 1977.

June 1-10, 1977

Negotiation with the MHA for supplementary Budget for Guns.

June 10, 1977

Technical Consultant Meeting to develop Training Curriculum for Health Workers.

June 11, 1977

Mr. Song, Keun Yong departed to attend a Summer Seminar Course on Planning and Evaluation at AID/W and the University of Michigan.

June 14, 1977

Report on existing Health Demonstration Projects in Korea published and distributed.

June 18-20, 1977

Application for disbursing Demonstration Fund received from Guns.

June 20-25, 1977

Fund disbursed to *Guns*. Field officers dispatched to the field: Mr. Kim Kong Hyun, Kangwondo (Hongchun), Mr. Yun Yung Kim, Kyungsang Pukdo (Gunee), Mr. Kang Nam Hi, Cholla Pukdo (Okgu)

June 1977

Activity Accounting System developed for evaluating cost/effectiveness of KHDI Demonstration Projects.

July 5, 1977

Public relations activities for Health Demonstration Project started. Opening Ceremony for the 1st CHP Training at the Korea Nurses Association (25 trainees from 3 *Guns* attended).

July 25, 1977

Special Letter of Credit for the Reimbursement of \$214,000 for FY 1976 Expenditures opened by Riggs National Bank.

July 26, 1977

Opening Ceremony for the CHA Training at Taegu (Kyung Buk Medical School), 30 CHAs attended.

July 27, 1977

Dr. Herman D. Stein, UNICEF Hq. and Case Western Reserve Unit visited KHDI.

August 4, 1977

Osamu Saito, M.D. Vice president, Japan Medical Association, Koike Nooru, M.D. Executive Member, Board of Trustees, Japan Medical Association, and Masatein Fujisawa, M.D., Executive Member, Board of Trustees, visited KHDI.

August 1977

4 staff and 2 field Consultants, KHDI attended two week Training Seminar (July 25-August 5 '77) at the Medical College of Virginia, Richmond, Virginia to review plans for CHP curriculum development.

Dr. Kim Joo Whan, Chief, Planning and Evaluation Div., KHDI.

Dr. Lee Gae Yong, Senior Researcher, KHDI.

Mr. Kim, Yong Yun, Field Officer, Gunee Sub-Project, KHDI.

Mrs. Kim, Jin Soon, Senior Researcher (Nurse), KHDI.

Dr. Lee, Sung Kwan, professor, Kyongpuk University Medical College, who will supervise Gunee personnel and coordinate project activity.

Dr. Kim, Kyong Sik, Director, Seagrave Hospital, who will serve Okgu Sub-Project same capacity as Dr. Lee in Gunee.

Appendix II.

RELATED LAWS AND REGULATIONS

THE KOREA HEALTH DEVELOPMENT INSTITUTE LAW **Law No. 2857, Promulgated on December 31, 1975**

ARTICLE 1 (Purpose)

The purpose of this Law is to establish the Korea Health Development Institute (hereinafter referred to as the "Institute") and have it conduct systematic and realistic research on problems related to national health development, thereby contributing to the establishment of national health policies and programs.

ARTICLE 2 (Juridical Persons)

The Institute shall be recognized as a juridical person.

ARTICLE 3 (Establishment)

The Institute shall be established upon registration at the location of the main office.

ARTICLE 4 (Articles of Incorporation)

Paragraph 1: The articles of incorporation (constitution) shall specify the following matters:

- 1) Purpose
- 2) Name
- 3) Location of office
- 4) Matters related to the endowment fund
- 5) Matters related to members of the Board of Directors
- 6) Matters related to the Board of Directors
- 7) Matters related to organization.
- 8) Matters related to assets and accounting
- 9) Matters related to activities
- 10) Matters related to public announcements

Paragraph 2: Amendment to any article of incorporation shall require approval of the Minister of Health and Social Affairs.

ARTICLE 5 (Registration)

Necessary provisions pertinent to the registration of establishment of the Institute or other related registrations shall be made separately by a Presidential Decree.

ARTICLE 6 (Activities)

Paragraph 1: In order to achieve the purpose as stated in Article 1 of this Law, the Institute shall conduct the following activities:

1. Investigation and research for the development of systems related to national health.
2. Investigation, research and evaluation for the establishment of rational medical delivery systems.
3. Implementation and evaluation of comprehensive health and medical demonstration projects (comprehensive projects will include the following: prevention of disease, diagnosis, medical treatment, rehabilitation, and medical insurance carried out as demonstration projects in certain geographical areas).
4. Investigation and evaluation of the long and short range demand for health and medical services.
5. Support for the maintenance and improvement of the health of local community residents.
6. Education and training of persons engaging in comprehensive health and medical demonstration projects.
7. Exchange of information with, conducting of joint research with, and/or providing support to, research institutions in Korea and in foreign countries.
8. Investigation and research projects on health and medical services entrusted by the Government.

Paragraph 2: Persons engaging in comprehensive health and medical demonstration projects of the Institute may, regardless of the provisions of the Medical Service Law, provide very minor medical services as stipulated by a Presidential Decree, within the purpose and scope of said demonstration projects.

ARTICLE 7 (Matters Subject to Approval)

Paragraph 1: Matters related to annual work plans, budgets, settlement of accounts, or any other matters specified by a Presidential Decree shall be subject to approval by the Minister of Health and Social Affairs.

Paragraph 2: When the Minister of Health and Social Affairs approves in accordance with Paragraph 1 of this Article or permits amendments in accordance with Paragraph 2, Article 4 of this Law, he shall have such matters deliberated beforehand by the National Health Council prescribed in Article 20.

ARTICLE 8 (Directors)

Paragraph 1. The Institute shall have up to nine (9) directors, including one (1) President of the Institute; also one (1) auditor.

Paragraph 2: All directors except the President of the Institute, as provided in Paragraph 1 of this Article, shall be non-permanent.

ARTICLE 9 (Appointment of Officers; Election of Directors)

Paragraph 1: The President of the Institute shall be appointed by the Minister of Health and Social Affairs after approval by the National Health Council.

Paragraph 2: Matters related to election of members of the Board of Directors, except the President of the Institute, shall be prescribed in the Articles of Incorporation.

Paragraph 3: An auditor shall be appointed by the Minister of Health and Social Affairs after approval by the National Health Council.

ARTICLE 10 (Office Term of Directors)

Paragraph 1. Members of the Board of Directors shall serve three years; the auditor shall serve two years.

Paragraph 2. A person appointed to replace a member of the Board of Directors shall serve for the remainder of the term of the person being replaced.

ARTICLE 11 (Duties of the President)

The President shall represent the Institute, manage activities of the Institute, and supervise and control the staff of the Institute.

ARTICLE 12 (The Board of Directors)

Paragraph 1: The Institute shall have a Board of Directors consisting of Directors in order to decide important matters for the Institute.

Paragraph 2: One (1) of the Directors shall become Chairman in such manner as may be prescribed by the Articles of Incorporation. However, the Director who is President may not concurrently serve as Chairman.

Paragraph 3: The Chairman of the Board of Directors shall convene meetings of the Board and preside over such meetings.

Paragraph 4: The Auditor may attend the Board Directors' meetings and speak at such meetings.

Paragraph 5: Matters related to resolutions by the Board of Directors shall be prescribed by the Articles of Incorporation.

ARTICLE 13 (Fund)

Paragraph 1 The Fund of the Institute shall be established to meet fund requirements for the incorporation and operation of the Institute.

Paragraph 2: The Fund of the Institute shall consist of government contributions and contributions made by other than the government.

ARTICLE 14 (Contributions)

Paragraph 1: In order to establish the fund prescribed in Article 13, the Government shall grant the necessary contributions within the limits of its budget.

Paragraph 2: Necessary matters related to the granting of contributions prescribed in Paragraph 1, and the use and management of the Fund, shall be prescribed by a Presidential Decree.

ARTICLE 15 (Free Lease of Government-Owned Property)

Paragraph 1: The Government, when it deems it necessary for the establishment and management of the Institute, may lease government owned property without compensation to the Institute.

Paragraph 2: Necessary matters related to details, conditions and procedures of the lease under Paragraph 1 shall be prescribed by a Presidential Decree unless otherwise prescribed by the Law on Government Owned Property.

ARTICLE 16 (Subsidies)

The Government may subsidize expenses required for the projects of the Institute in whole or in part within the limits of the budget.

ARTICLE 17 (Application of Civil Code)

All matters not provided for by the Law shall be governed under the provisions of the Civil Code which apply to juridical persons.

ARTICLE 18 (Obligations for Maintaining Secrecy)

Directors or personnel of the Institute shall not disclose any secret learned in the course of performing duties, while employed or after being discharged.

ARTICLE 19 (Prohibition of Using the Name of the Institute)

No person other than the Institute under this Law shall use the name or similar name of the Korea Health Development Institute.

ARTICLE 20 (National Health Council)

Paragraph 1 There shall be established in the Economic Planning Board a National Health Council in order to support and coordinate activities of the Institute.

Paragraph 2: The Minister of the Economic Planning Board shall be the Chairman of the National Health Council and the Minister of the Health and Social Affairs shall be the Vice Chairman. The members of the National Health Council shall consist of the Minister of Home Affairs, Minister of Education, and persons commissioned by the Chairman.

Paragraph 3: Matters necessary for the operation of the National Health Council shall be prescribed by a Presidential Decree.

ARTICLE 21 (Penal Provisions)

Paragraph 1: Anyone violating the provisions of Article 18 shall be subject to imprisonment of not longer than two (2) years or a fine of not more than W500,000.

Paragraph 2: Anyone violating the provisions of Article 19 shall be subject to a fine of not more than W500,000

ARTICLE 22 (Enforcement Decree)

Matters necessary for the enforcement of this Law shall be prescribed by a Presidential Decree.

ADDENDA

ARTICLE 1 (Enforcement Date)

This Law shall go into effect 10 days after its promulgation.

ARTICLE 2 (Preparations for Establishment)

Paragraph 1: The Minister of Health and Social Affairs shall commission up to five (5) founding members, after approval of the National Health Council, to take charge of affairs concerning the establishment of the Institute.

Paragraph 2: The founding members shall prepare the Articles of Incorporation within 30 days from the date of commission and obtain approval of the Minister of Health and Social Affairs.

Paragraph 3: Before the Minister of Health and Social Affairs approves the Articles of Incorporation under the provision of Paragraph 2 of this Article, he shall have such matters deliberated by the National Health Council.

Paragraph 4: Upon the receipt of the government's initial fund contributions for the establishment of the Institute, the founding members shall, without delay, register the corporation at the court.

Paragraph 5: Upon the appointment of the President of the Institute, the founding members shall, without delay, transfer the Institute's Affairs to him.

Paragraph 6: Upon completing the transfer of affairs prescribed in Paragraph 5, the founding members shall be deemed to have been relieved of office.

ARTICLE 3 (Application Mutatis Mutandis to Demonstration Projects)

The provision of Paragraph 2 of Article 6 of this Law shall be applicable to domestic comprehensive health and medical demonstration projects authorized by the Minister of Health and Social Affairs.

**PRESIDENTIAL DECREE FOR IMPLEMENTATION
OF THE KOREA HEALTH DEVELOPMENT INSTITUTE LAW**
Decree No. 8061, Promulgated on April 1, 1976

ARTICLE 1 (Purpose)

This Decree is to provide for matters necessary for the implementation of the Korea Health Development Institute Law (hereinafter referred to as the Law).

ARTICLE 2 (Registration of Establishment)

1. Purpose
2. Name
3. Location
4. Total amount of endowment fund
5. Names and addresses of directors

ARTICLE 3 (Registration of Change of Address)

Paragraph 1: In case the Institute changes its address, it shall register its new address within three weeks when its new address is still in the same area of the jurisdiction of the registry with which the old address has been registered. In case its new address is in a different area, it shall register information as mentioned in each of Article 2 within three weeks.

Paragraph 2: In case the Institute changes its address in the same area of the jurisdiction of the registry with which the old address has been registered, it shall register its new address therewith.

ARTICLE 4 (Changes in Registration)

In case any of the information mentioned in Article 2 of this Decree is changed, a change in registration shall be made within three weeks after such a change has been made.

ARTICLE 5 (Initial Date in Reckoning for Registration)

In case any information subject to registration under this Decree requires the permission or approval of the Minister of Health and Social Affairs, the time for registration shall be counted from the day on which a letter with such permission or approval arrived.

ARTICLE 6 (Documents to be Attached)

Paragraph 1 In case an application is made for registration of establishment in accordance with Article 2 of this Decree, there shall be attached copies of the Constitution and papers which prove the payment of the endowment fund for the establishment of the Institute. In case an application is made for a change of its

address in a different area in accordance with Paragraph 1, Article 3, there shall be attached a copy of the Constitution.

Paragraph 2: In case an application is made to change the registration in accordance with Article 4, there shall be attached copies of papers which prove such changes.

ARTICLE 7 (Medical Care Practices to be Conducted by Those Engaged in Comprehensive Health and Medical Demonstration Projects)

Paragraph 1: Medical care practices that can be conducted by those engaging in comprehensive health and medical demonstration projects of the Institute under the provision of Paragraph 2, Article 6 of the Law shall be limited to such practices coming under any of the following. Such practices shall be conducted under the direction and supervision of physicians.

1. Emergency treatment of external injuries and others
2. Preventive vaccinations
3. Insertion of contraceptive devices
4. Normal deliveries
5. Dispensing of medicine covered by Physician's prescription

Paragraph 2: Those who want to conduct medical care practices under the provision of Paragraph 1 for comprehensive health and medical demonstration projects of the Institute shall first complete a prescribed education and training course approved by the Minister of Health and Social Affairs.

ARTICLE 8 (Approval of Work Plans)

Paragraph 1: The Institute shall submit, for approval of the Minister of Health and Social Affairs, its annual work plan and budget not later than 30th October of the year preceding the operational year.

Paragraph 2: The Institute shall submit, for approval of the Minister of Health and Social Affairs, its annual report on settlement of accounts, together with the following papers, not later than 31st March of the following year:

1. Balance sheet and a statement of income and expenditure
2. Work plans and implementation results of the year
3. Auditor's opinion
4. Other references

ARTICLE 9 (Grant of Contributions)

When the government grants its contributions in accordance with Paragraph 1, Article 14 of the Law, the Minister of Health and Social Affairs shall include this amount in its budget and grant.

ARTICLE 10 (Management of Endowment Fund)

Paragraph 1. The Endowment Fund of the Institute shall be managed in a separate account.

Paragraph 2. When the Institute reduces the principal of the Fund, it shall obtain the approval of the Minister of Health and Social Affairs after the approval of the Board of Directors.

Paragraph 3. Procedures necessary for the management of the Fund shall be worked out by the Institute, subject to the approval of the Minister of Health and Social Affairs. The same procedure is applied whenever any change is made in the procedures.

ARTICLE 11 (Gratuitous Conveyance Procedure for Government Property)

Paragraph 1. Gratuitous conveyance of government property under paragraph 1, Article 15 of the Law shall be pursuant to a contract between the government property administration agency concerned and the Institute.

Paragraph 2. When the government property administration agency makes a contract in accordance with Paragraph 1, Article 15 of the Law, it shall prepare documents as mentioned in Paragraph 1, Article 19 of the Implementation Regulation for the Government Property Law, together with a list of assets of the Institute, and take counsel with the Minister of Finance.

ARTICLE 12 (Functions of National Health Council)

A national health council (hereinafter referred to as the "Council") shall deliberate and decide the following matters:

1. Matters concerning the basic directions and goals for comprehensive health development planning.
2. Matters concerning the establishment and coordination of health and medical care delivery systems.
3. Matters concerning the planning and evaluation of comprehensive health and medical care demonstration projects.
4. Matters concerning annual budgets, settlement of accounts and work plans of the Institute.
5. Matters concerning the Institute's Constitution (Articles of Incorporation).
6. Matters concerning appointment of the President and Auditor of the Institute.
7. Matters concerning other major policies.

ARTICLE 13 (Duties of the Council Chairman)

Paragraph 1. The Chairman of the Council shall represent the Council and direct the general affairs of the Council.

Paragraph 2. When the Chairman is absent, the Vice-Chairman shall act for the Chairman.

ARTICLE 14 (Commissioned Membership)

The number of the members to be commissioned by the Chairman in accordance with Paragraph 2, Article 20 of the Law shall be up to 3, and their terms shall be two years.

ARTICLE 15 (Meetings)

Paragraph 1: Meetings shall be called by the Chairman.

Paragraph 2: Meetings shall be convened when more than half of the members are present. Decisions shall be made with the assent of more than half of the members present. The Chairman shall break a tie.

Paragraph 3: The Institute President and the Secretary-General of the National Health Secretariat created under the provision of Article 18 may attend meetings of the Council and give comments.

Paragraph 4: When the Chairman deems it necessary, he may invite appropriate public officials or experts to a meeting to give advice to the Council.

ARTICLE 16 (Secretary to the Council)

Paragraph 1: There shall be one Secretary to the Council.

Paragraph 2: The Secretary shall be appointed by the Chairman of the Council from among the staff of the Ministry of Health and Social Affairs.

Paragraph 3: The Secretary shall, by order of the Chairman of the Council, call meetings, arrange materials to be discussed or being discussed, edit minutes, and make other arrangements.

ARTICLE 17 (Allowances)

Allowances and travel expenses can be paid to the non-governmental members of the Council, within the limits of the budget.

ARTICLE 18 (National Health Secretariat)

Paragraph 1: There shall be established a National Health Secretariat (hereinafter referred to as the Secretariat) under the Council in order to have it investigate and study matters being discussed at the Council.

Paragraph 2: The Secretariat shall carry out the following matters:

1. Research on health development plan and policy measures.
2. Evaluation of comprehensive health and medical demonstration projects of the Institute.
4. Other matters concerning research on health policies assigned by the Chairman of the Council.

Paragraph 3: Matters concerning organization of the Secretariat, appointment and/or dismissal of its staff, salary scales and other matters necessary for the

operation of the Secretariat shall be decided by the Chairman of the Council after the approval of the Council.

ADDENDUM

This Decree shall enter into effect on and after the date of promulgation.

THE CONSTITUTION (Articles of Incorporation) KOREA HEALTH DEVELOPMENT INSTITUTE

Chapter I. General Provisions

ARTICLE 1 (Corporate Name)

The name of the juridical person (the Corporation) is the "Korea Health Development Institute" (hereinafter called "the Institute").

ARTICLE 2 (Objectives)

The objectives of the Institute are as follows:

- A. To make systematic and practical studies of problems related to the development of health systems.
- b. To provide data and recommendations to assist the Government in formulating national policies and programs for the health sector.

ARTICLE 3 (Principal Office)

The principal office of the Institute shall be situated in the City of Seoul.

ARTICLE 4 (Activities)

The Institute shall conduct the following activities in order to fulfill the objectives aforementioned in Article 2.

- a. To make studies and researches for the development of systems related to national health.
- b. To provide for study, research and evaluation in relation to the establishment of rational health delivery systems.
- c. To plan, implement and evaluate integrated health and medical demonstration projects, the integrated projects will include appropriate emphasis on (1) preventive and promotive services, as well as curative services for diseases, (2) rehabilitation activities, and (3) health (medical) financing and insurance in specific demonstration sites.
- d. To study, research and evaluate short and long range national health and medical needs.

- e. To support the residents of the Community in maintaining and improving their health.
- f. To educate and train the persons engaged in integrated field demonstration projects.
- g. To facilitate contacts with domestic and foreign researchers, institutions and organizations in order to (1) exchange health data and information, (2) conduct joint studies and researches and (3) render financial support if where necessary and feasible.
- h. To conduct specific health and medical researches and planning activities entrusted by the Government.
- i. To carry on any other related activities in connection with the foregoing paragraphs.

Chapter II. Capital and Accounting

ARTICLE 5 (Basic Capital)

The basic capital of the Institute shall consist of the following assets and properties:

- a. The funds made available by AID and/or the ROKG on the occasion of the establishment of the Institute.
- b. The funds made available by ROKG, agencies or other donors in Korea.
- c. The funds made available by foreign governments, international agencies and organizations, or by other foreign donors.
- d. Real estates, buildings, or facilities conceded to or donated by ROKG agencies and organizations or by other foreign or local donors.

ARTICLE 6 (Restrictions on Disposition of Important Assets)

Without a resolution adopted by the Directors' meeting, the following assets shall not be conceded to or pledge by mortgage:

- a. The real estate and the buildings of the Institute.
- B. Other assets designated by the Directors' meeting.

ARTICLE 7 (Maintenance and Management of Capital Fund)

- a. The necessary procedures for the maintenance and management of the capital fund (hereinafter called the "Fund"), prescribed under Article 13 of the Law for the establishment of the KHDI (hereinafter called the "Law") and under Article 8 of the Presidential Decree for the Law, shall be stipulated separately.
- b. The aforementioned procedure shall be approved by the Minister of Health and Social Affairs following a resolution adopted by the Directors' meeting.

ARTICLE 8 (Resources of Management Fund)

The resources of the management fund for the operation of the KHDI shall be supplemented by the monies received from the capital funds, Government subsidies or other revenues.

ARTICLE 9 (Fiscal Year)

The Institute shall have the same financial period per calendar year as the Government, which will begin on the first day of January and end on the thirty-first day of December.

ARTICLE 10 (Work Plans and Budgets)

- a. Not later than October 30th of each year, the President of the Institute shall have prepared and submitted for approval to the Minister of Health and Social Affairs the annual project plan and budget for the following fiscal year. Prior to submitting the plan and budget to the Minister of Health and Social Affairs, these shall have been approved, first, by a resolution of the Board of Directors, and then by the National Health Council.
- b. Any modification thereof shall also be approved by the Minister of Health and Social Affairs through (subject to) the resolution adopted by the Directors' meeting.

ARTICLE 11 (Financial Statements)

The President shall prepare the financial statement for each fiscal year and submit to the Directors' meeting for its adoption and resolution. The statement must then be forwarded to the Minister of Health and Social Affairs for his approval not later than 30th March of the following year.

ARTICLE 12 (Disposition of Surplus Funds)

Any funds which are not needed to cover expenses in the previous fiscal year shall be transferred to the next fiscal year's budget or be transferred to the capital fund, subject to a resolution adopted by the Directors' meeting and to the approval of the Minister of Health and Social Affairs.

Chapter III. Directors, Auditor, Officers and the Directors' Meeting

ARTICLE 13 (Number of Directors and Auditor)

The following number of directors and an auditor shall be established in the Institute:

Chairman One (1)

Directors Nine (9) or less (including the President and the Chairman)

Auditor One (1)

All the Directors and the auditor, excluding the President, shall be assigned on a non-permanent basis.

ARTICLE 14 (Election, Selection or Appointment of Directors)

The Directors shall be elected in the Directors' meeting (hereinafter called the "Meeting") and assume offices after receiving the approval of the Minister, however, the following officers shall be appointed as Directors on an ex-officio basis without election-action: The Vice Minister of the Economic Planning Board; the Vice Minister of the Ministry of Health and Social Affairs; the Vice Minister of the Ministry of Home Affairs; the President of the Korea Development Institute; and the President of the Korea Health Development Institute.

ARTICLE 15 (Terms of Offices of Directors and Auditor)

- a. The term of office of Directors shall be three years and the term of office of the Auditor two years from the date of their election.
- b. Directors and Auditor may be re-elected.
- c. In case of any vacancy in the office of directors or auditor, a substitute director or auditor shall be elected without delay. The term of office of a director or an auditor elected to fill a vacancy shall expire upon expiry of the term of the Director or Auditor replaced.

ARTICLE 16 (Chairman of the Meeting)

- a. The Directors' meeting shall elect from among their members one (1) chairman and his assumption of office shall be approved by the Minister of Health and Social Affairs. However, the President shall not be eligible to be elected chairman.
- b. The Directors' meeting may be called (convened) from time to time whenever the Chairman deems the same to be necessary or advisable and the Chairman shall preside over all meetings of the Directors' meeting.
- c. In the absence or disability of the Chairman, the President shall convene the Directors' Meeting. On this occasion, the oldest Director (personal age) excluding ex-officio Directors, shall preside over the meeting.

ARTICLE 17 (Auditor)

- a. The Auditor shall be elected by the Meeting and be appointed by the Minister of Health and Social Affairs.
- b. The Auditor shall have the power to audit the status of the assets, management, accounting and administrative activities of the Institute and meeting.
- c. In addition to the activities of the Auditor, an annual audit of accounts shall be made by an independent certified public accounting firm.

ARTICLE 18 (The President)

- a. The President shall be appointed and dismissed by the Minister of Health and Social Affairs upon consent of the National Health Council (hereinafter called "NHC").
- b. The President shall represent the Institute and carry on all administrative and business affairs of the Institute as prescribed by the Institute's constitution.

ARTICLE 19 (The Secretary-General)

- a. One (1) shall be assigned in the Institute.
- b. He shall be responsible to carry on administrative and business affairs on behalf of the Institute subject to the approval of the President and in the absence of the President, he shall take his place (or act as the President).
- c. This officer shall be appointed or dismissed by the President upon consent of the Directors' meeting and further subject to approval by the Minister of Health and Social Affairs.

ARTICLE 20 (Organization of the Institute)

The Institute shall establish separate by-laws and regulations covering the organization of the Institute, subject to the resolution adopted by the Directors' meeting.

ARTICLE 21 (Officers)

- a. The authority for appointment and dismissal of officers in the Institute shall be vested in the office of the President.
- b. The Directors' meeting shall establish necessary separate by-laws and regulations pertaining to appointment, dismissal, remuneration and service of officers in the Institute.

ARTICLE 22 (The Directors' Meeting)

The Meeting shall consist of the Chairman and all the Directors including the President.

ARTICLE 23 (Items to be resolved by the Meeting)

The Meeting shall have the power to deliberate and resolve the following items and such other powers specifically vested in the Meeting by the Civil Law:

- a. To elect and dismiss directors and auditor.
- b. To approve the annual work plan of the Institute and modifications thereof.
- c. Approve and settle the annual budget and accounts of the Institute.
- d. To approve the amendment of the Articles of the Institute.
- e. To establish and abolish the governing rules and regulations of the Institute.

- f. To approve dispositions of important assets of the Institute.
- g. To approve and resolve the items prescribed by the Articles of the Institute.
- h. To approve miscellaneous items recommended by the President.

ARTICLE 24 (Quorum for the Meeting)

- a. Except otherwise provided for by the Law or by the Articles, a quorum for a meeting shall be a majority of the number of directors of the Institute.
- b. A resolution of the Meeting shall be adopted by a majority vote of all directors present. In case a vote by the Meeting results in a tie, the presiding officer at the meeting may cast an additional vote.

A resolution pertaining to election, dismissal of directors or auditor or amendment of the Articles shall be adopted by a two-thirds vote of all directors. A resolution pertaining to dissolution of the Institute shall be adopted by a three-fourths vote of all directors.

- c. A meeting shall be classified as an ordinary meeting or an extraordinary one. An ordinary meeting shall be called at least two (2) times a year and an extraordinary meeting may be called by the Chairman whenever the President, Auditor or more than one-third of the directors so request and whenever the Chairman deems the same to be necessary or advisable.

ARTICLE 25 (Minutes of the Meeting)

The proceedings of the meetings shall be recorded and maintained in Minutes setting forth the substance of the proceedings and the results thereof and signed by the Chairman and by all the Directors present at such meetings.

Chapter IV

ARTICLE 26 (Technical Advisory Committee or Technical Consultant Committee)

The Corporation shall establish a Technical Advisory Committee. The necessary administrative and operational procedures for the committee shall be prescribed by separate bylaws, subject to a resolution adopted by the Directors' meeting.

ARTICLE 27 (Ties with other Research Organizations)

The Institute may establish ties with Research Institutes, local and international, as may be deemed necessary or desirable for the Institute. The necessary regulations for this activity shall be stipulated separately, subject to a resolution adopted by the Directors' meeting.

CHAPTER V. (Miscellaneous)

ARTICLE 28 (Amendment of the Articles of the Institute)

The Articles (Constitution) of the Institute can be amended by a resolution of an ordinary or extraordinary Directors' meeting and by the approval of the Minister of Health and Social Affairs.

ARTICLE 29 (Establishment of Bylaws and Regulations)

Any other bylaws and regulations for important matters not prescribed by the Institute's Articles shall be established subject to a resolution by the Directors' meeting.

ARTICLE 30 (Dissolution of the Institute)

- a. The Institute shall be dissolved if the Directors' meeting should pass a resolution to this effect and the resolution is then approved by the Minister of Health and Social Affairs.
- b. In the above-mentioned case, the remaining assets and properties shall belong to the National Treasury, unless otherwise provided for by law or legally binding Agreements.

ARTICLE 31 (Public Notices)

Any matters requiring a public announcement in accordance with the Law, Decree, or the Articles shall be covered by a notice in the *Seoul Shinmoon*, a daily newspaper published in the Special City of Seoul.

ADDENDA

a. (The Effective Date)

These Articles shall be effective on and after the date they are approved by the Minister of Health and Social Affairs.

b. The Founding Commission Members shall elect the initial Directors, excluding the ex-officio Directors, and their assumption of offices shall be approved by the Minister of Health and Social Affairs.

c. The term of the non-ex-officio Directors elected on the occasion of the establishment of the Institute shall be one year.

Appendix III

THE PROCEDURES OF BUDGETING AND EXPENDING ALL PROJECT FUNDS

- References: (i) The National Budget and Accounting Law, Republic of Korea, Law No. 349 promulgated; December 19th, 1961 & The Presidential Executive Order for the said Law.
- (ii) The Loan Agreement, AID Loan No. 489-U-092, dated Sept. 13th, 1975.
- (iii) USAID Handbook 11, Country Contracting, dated March 31st, 1975.

GUIDELINE

The KHDI shall furnish AID evidence of appropriate use of all the project funds and verification of proper utilization of funds (strict commitment of funds) in form and substance satisfactory to AID, in accordance with the legal provisions of the Borrower's Country, and in line with sound accounting principles and book-keeping practices consistently applied.

The KHDI shall carry out the project, or cause the project to be carried out, with due diligence and efficiency, and in conformity with sound financial, administrative and management practices.

The KHDI shall further carry out the project, or cause the project to be carried out, in accordance with any contracts and procurement arrangements and modifications thereto, approved by AID pursuant to the Loan Agreement.

The KHDI shall submit to AID in advance (i) all bid documents and documents concerning the solicitation of proposals relating to the goods and services financed under the loan and any modifications thereof, prior to their issuance, and (ii) all contracts financed under the loan, and any modifications (alternation) thereof, prior to their execution and the KHDI shall in addition (iii) adequately maintain, repair and operate, in accordance with sound and operational practices, all equipment financed by the Loan. It is defined that any modification (alternation or deviation) in positions of the statement of costs or financing plan exceeding ten (10) percent shall be considered as a modification.

I. *Budgeting and expending* shall be calculated and committed as follows:

AID and the ROKG each contribute seventy-five (75)% and twenty-five (25)%

of dollar costs and local currency costs of the actual costs respectively for all of the expenditures for each fiscal year to the realization of this project and appropriate funds shall in principles be allocated and released for the quarterly basis, through the MHSA to the KHDI. However, for the first year, fund shall be released to the KHDI as follows: The 2nd quarter 50%, the 3rd quarter 30% and the 4th quarter 20%.

The KHDI will prepare a strategy, five (5) year general program plan, a specific action plan and budget for the first year and five year plan of operation including the NHC portion of KHDI.

These documents will be provided and calculated in accordance with the principles of the National Budget and Accounting Law and will be submitted to the NHC for approval. One copy will be simultaneously submitted to the MHSA for comments and forwarding to the NHC. Then, the approved budget shall strictly be executed to the realization of the project. Each year thereafter, a similar process shall be followed for approval of the KHDI's annual action plan and budget.

II. *Maintenance and Audit of Records* (Refer: Section 6,8 the Loan Agreement)

Records of book-keeping and vouchers are to be maintained by the KHDI in sufficient detail to identify the goods and services financed by the loan, to disclose the costs, receipt and use of goods and services for the demonstration project, to indicate the nature and extent of the solicitation of prospective contractors and the basis for award of contracts, or orders; and to indicate the progress of the project including data covering current operations.

In accordance with the provisions of the National Budget and Accounting Law and in line with the normal book-keeping system, all receipts and expenditures are entered in chronological order.

Funds contributed or granted by other agencies or by donors (fund not connected with the funds obtained from AID) are entered in the separate accounts and accounts for expenditure concerning the project will be in accordance with the items in the statement of costs, accounts concerning receipts and revenue will be organized along the lines of the financing plan.

Book-keeping will be in the currency of the Borrower's country. (Refer: Section 4.2 (c) Exchange Rate)

The following books/accounts shall be established and appropriate accounting formats will be developed with the help of AID staffs concerned.

1 Bank Book/Account

1 Cash Book/Account

1 Receipt and expenditure Book/Account for direct payments by AID, on behalf of the KHDI

1 Book/Account on the KHDI's receipts and expenditures for its own performance in kind and services rendered

1 Inventory book/inventory list shall be maintained on all movables.

All movables shall be registered in an inventory list and be covered by sufficient insurance. Movables means here such as inventory, technical, medical and other equipment.

Such accounting books and records shall regularly be audited for such period and at such intervals as AID may require, and shall be maintained for five (5) years after the date of the last disbursement by AID or until all sums due AID under this Loan Agreement have been paid, whichever date shall first occur.

III. *Reporting:*

a. Periodic progress report:

Guidance and various forms for progress reporting relating to the project, eligible items and the Loan will be developed with the help of AID staffs concerned.

b. Financial Report:

Annual financial report on the operation of the KHDI including the demonstration project audited and certified by an independent public accounting firm or such other auditor as may be satisfactory to and approved in advance by AID, is to be submitted to AID after the close of each fiscal year. Reporting should begin with the end of FY 1976 and continue for the following five (5) years.

Three (3) copies of the Report should include a detailed income and expense statement, and such other documents as may be necessary in the English language within one hundred and fifty (150) days after the end of the period covered by the Audit.

Reference: *AID Audit Requirements* attached Appendix # _____

IV. *Inspection and Monitoring by AID (Section 6,4 The Loan Agreement)*

In addition, as provided by the Loan Agreement, AID will retain the right to inspect and audit the KHDI's accounts to verify its billings. Also, AID Monitoring will be carried out primarily by the authorized representatives of AID and to a limited extent by other concerned AID personnel through inspection and review of reports supplemented by site visits. The KHDI shall cooperate with AID to facilitate representatives of AID to visit any part of the Republic of Korea for any purpose related to the loan.

V. *Bidding and Contract: (Section 7,4 & 7,8 The Loan Agreement)*

Contracts for goods and services shall only be awarded to expert, efficient and reliable tenders and no more reasonable prices shall be paid for any goods or services financed, in whole or in part, under the loan. Such items shall be procured on a fair and except for professional services and for the cases for proprietary contract regulated by the National Budget and Accounting Law, on a competitive basis. In the following instances, the KHDI may enter into a proprietary Contract:

- a. When techniques, services, equipment of specific person are preferred in view of the nature and purpose of the Contract, or when competition is not possible or a contract can be executed at a remarkably profitable price because of specific location, structure and quality.

- b. Acts of the Gods, disasters, urgent events, or other similar cases which preclude time for putting to competition.
- c. When it is necessary to keep the performance of the corporation secret.
- d. When the estimated cost of construction and manufacturing work is small amount less than ₦1,000,000 or when assets which value are estimated at ₦500,000 or less are purchased or sold.
- e. When the estimate total or annual rental is ₦6,000,000 or less.
- f. When the estimate total or annual lease amount is ₦600,000 or less.
- g. When estimated cost of contract covering other than construction or manufacturing work, purchase and sales of properties, or rent or articles is at no more than ₦500,000.
- h. When distributed or price controlled goods under other laws or under directives on the basis of other laws are bought or sold.
- i. When contract is made with Government agencies, autonomies, public juridical persons or non-profit juridical persons.
- j. In case of supplemental and inseparable construction work of the same engineering type.
- k. When a project which is estimated at less than ₦500,000 is considered profitable for area development to be run jointly with area members.

American small business should be requested to participate in international competitive bidding furnishing eligible items estimated to have a unit cost more than \$5,000, however, considering the circumstances, instances of invitation shall be set up with the help of AID staffs concerned.

The KHDI may put to pre-nominated competition in the following instances:

- a. When it is considered that in view of the nature and objective of the contract, the purpose of the contract can only be achieved by those who have special equipment, techniques, materials, goods or credits or the record of achievements:
- b. When the estimated cost of construction or manufacturing work is less than ₦2,000,000 or the estimated assets and goods cost to be procured is less than ₦1,000,000:

VI. *Application for Special Letter of Credit (SLC)*

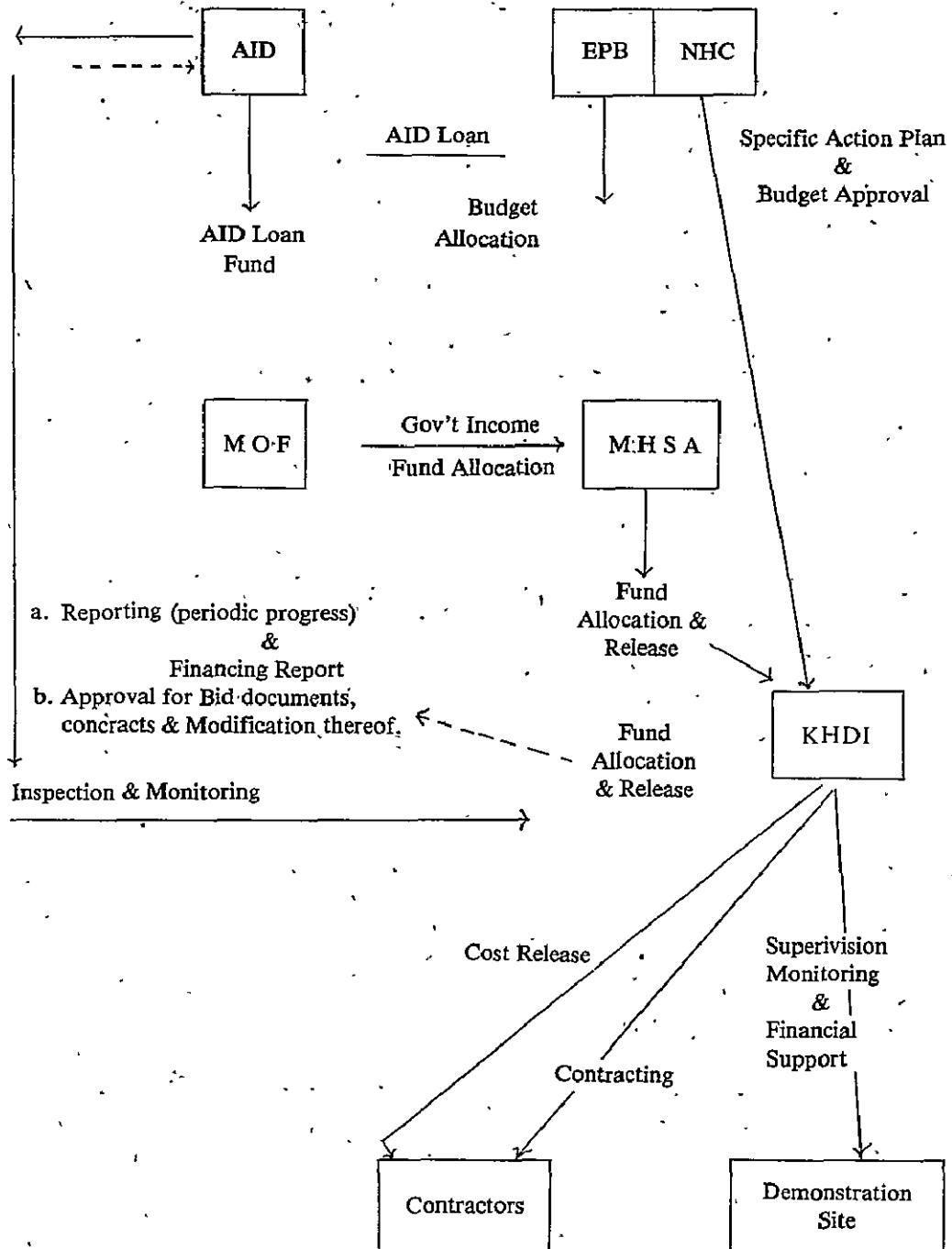
Refer: Appendix _____

VII. *Information & Marking (Section 6.2, the Loan Agreement)*

As AID Loan Agreement specifies, the KHDI will comply with instructions furnished by AID in marking public information concerning the Loan. AID's guideline for marking is attached.

Appendix _____

Flow Chart of Implementation



Appendix IV

AN ACTIVITY ACCOUNTING SYSTEM FOR ANALYZING THE KHDI DEMONSTRATION PROJECT EXPENDITURES

Introduction

One of the main purposes of the KHDI Demonstration Project, is to evaluate whether they are more cost effective than the existing system for delivering health care, and if so, to estimate the costs of replication.

In order to make such an evaluation, it is necessary to categorize project expenses in terms of specific activities and functions which are not reflected in traditional line-item cost accounting and budgeting practices.

Therefore this Activity Accounting System has been developed to meet the varied needs of KHDI, USAID and the National Health Secretariat.

Guidelines for Use

1. Cost accounting for KHDI will be done in the normal manner, as required by the Korean Government.
2. Budgetary Planning will be done for the total life of the Project as outlined in the attached format A.
3. Budgets will be updated annually, in October, for the following ROK Fiscal Year (Jan. — Dec.).
4. After posting to accounting ledgers, all expenditures will also be classified by the Activity Account Code described in this paper. The amounts will then be recorded in an Activity Accounting Ledger.

Activity Accounting System

All costs/expenditures under the KHDI Demonstration Project will be categorized according to a six digit Activity Account Code sample: 10-1-40-1.

Each of the digit columns represents a different classification, as follows:

COLUMNS 1 & 2 MAJOR COST CENTER

- 10 = KHDI
- 21 = Hongchon Demonstration Project
- 22 = Gunee Demonstration Project

- 23 = Okgu Demonstration Project
- 30 = National Health Secretariat

COLUMN 3 TYPE OF FUNDING

Codes to be used in column 3 are:

- 1 = US Dollar Expenditures, Provided for by DRA
- 2 = Won Expenditures Provided for by USAID Loan (Local Currency) or ROKG Budget.

COLUMNS 4 & 5 MAJOR OBJECTIVE OF ACTIVITY & TYPE OF HEALTH SERVICE/TRAINING PROVIDED

- 10 Evaluation
- 20 Planning
- 30 Staff Development
- 40 Administrative Support/Overhead (KHDI)
- 50 Administrative Support/Overhead in Demonstration Areas (Prov. Gun)
- 61 Central Training & Curriculum Development
- 62 Community Health Practitioner Training
- 63 Community Health Aide Training
- 64 Village Health Agent Training
- 71 Delivering Curative Health Services (in Demonstration Areas)
- 72 Delivering Preventive Health Services (in Demonstration Areas)

COLUMN 6 TYPE OF EXPENDITURE

Codes to be used in column 6 are:

- 1 = Equipment and Supplies (Includes Vehicle Purchase, Maintenance and Operation: Office Equipment: Stationery)
- 2 = Advisors and Consultants
- 3 = International Travel and Related Expenses of Staff Observation (Per diem, Fees)
- 4 = Students Support while in Training (CHPs, CHAs, VHA Allowances and Per diems)

- 5 = Staff Operational and Support Costs
- 6 = In-country (Korea) Training (Travel Fees, and Related Expenses)
- 7 = Building Construction Rental/Lease and/or Purchase
- 8 = Representation Expenses (Meals, Entertainment, Gifts, etc)

Activity Account Codes

Thus, every expenditure under the Demonstration Project should be classified according to one of the following codes:

<i>CODE NUMBER</i>	<i>DESCRIPTION</i>
10-1-10-1	KHDI; US Dollars; Evaluation; Equipment & Supplies
10-1-10-2	KHDI; US Dollars; Evaluation; Advisors & Consultants
10-1-10-3	KHDI; US Dollars; Evaluation; Staff International Travel, (Observation)
10-1-20-1	KHDI; US Dollars; Planning; Equipment & Supplies
10-1-20-2	KHDI; US Dollars; Planning; Advisors & Consultants
10-1-20-3	KHDI; US Dollars; Planning; Staff International Travel
10-1-30-3	KHDI; US Dollars; Staff Development; International Travel
10-1-40-1	KHDI; US Dollars; Administrative Support/Overhead Equipment & Supplies
10-1-61-1	KHDI; US Dollars; General Training & Curriculum Development; Advisors & Consultants
10-1-62-1	KHDI; US Dollars; Community Health Practitioner Training; Equipment & Supplies
10-1-62-2	KHDI; US Dollars; Community Health Practitioner Training; Advisors & Consultants
10-1-63-1	KHDI; US Dollars; Community Health Aide Training; Equipment and Supplies
10-1-63-2	KHDI; US Dollars; Community Health Aide Training; Advisors and Consultants
10-1-64-1	KHDI; US Dollars; Village Health Agent Training; Equipment & Supplies

10-1-64-2	KHDI; US Dollars; Village Health Agent Training; Advisors and Consultants
10-2-10-1	KHDI; Won; Evaluation; Equipment & Supplies
10-2-10-2	KHDI; Won; Evaluation; Advisors & Consultants
10-2-10-5	KHDI; Won; Evaluation; Staff Operational & Support Costs
10-2-10-6	KHDI; Won; Evaluation; In-Country Training
10-2-20-2	KHDI; Won; Planning; Advisors & Consultants
10-2-20-5	KHDI; Won; Planning; Staff Operational & Support Costs
10-2-30-6	KHDI; Won; Staff Development; In-Country (Korea) Training
10-2-40-1	KHDI; Won; Administrative Support/Overhead; Equipment & Supplies
10-2-40-5	KHDI; Won; Administrative Support/Overhead; Staff Operational & Support Costs
10-2-40-7	KHDI; Won; Administrative Support/Overhead; Building Construction, Rental/Lease and/or Purchase
10-2-61-1	KHDI; Won; General Training and Curriculum Development; Equipment & Supplies
10-2-61-2	KHDI; Won; General Training and Curriculum Development; Advisors & Consultants
10-2-61-5	KHDI; Won; General Training and Curriculum Development; Staff Operational & Support Costs
10-2-62-1	KHDI; Won; Community Health Practitioner Training; Equipment & Supplies
10-2-62-2	KHDI; Won; Community Health Practitioner Training; Advisors & Consultants
10-2-62-5	KHDI; Won; Community Health Practitioner Training; Staff Operational & Support Costs
10-2-63-1	KHDI; Won; Community Health Aide Training; Equipment & Supplies
10-2-63-2	KHDI; Won; Community Health Aide Training; Advisors & Consultants
10-2-63-5	KHDI; Won; Community Health Aide Training; Staff Operational & Support Costs
10-2-64-2	KHDI; Won; Village Health Agent Training; Advisors and Consultants
10-2-64-5	KHDI; Won; Village Health Agent Training; Staff Operational and Support Costs
21-1-10-1	Hongchon Demonstration Project; US Dollars; Evaluation; Advisors and Consultants

21-1-10-2	Hongchon Demonstration Project; US Dollars; Evaluation; Advisors and Consultants
21-1-20-1	Hongchon Demonstration Project; US Dollars; Planning; Equipment and Supplies
21-2-20-2	Hongchon Demonstration Project; US Dollars; Planning; Advisors and Consultants
21-1-30-3	Hongchon Demonstration Project; US Dollars; Staff Development; International Travel Curriculum Development; Equipment and Supplies
21-1-61-2	Hongchon Demonstration Project; US Dollars; General Training and Curriculum Development; Advisors and Consultants
21-2-10-1	Hongchon Demonstration Project; Won; Evaluation; Equipment and Supplies
21-2-10-2	Hongchon Demonstration Project; Won; Evaluation; Advisors and Consultants
21-2-10-5	Hongchon Demonstration Project; Won; Evaluation; Staff Operational and Support Costs
21-2-20-1	Hongchon Demonstration Project Won; Planning; Equipment and Supplies
21-2-20-2	Hongchon Demonstration Project; Won; Planning; Advisors and Consultants
21-2-20-5	Hongchon Demonstration Project; Won; Planning; Staff Operational and Support Costs
21-2-50-1	Hongchon Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Equipment and Supplies
21-2-50-5	Hongchon Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Staff Operational and Support Costs
21-2-50-7	Hongchon Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Building Construction, Rental/Lease and/or Purchase
21-2-62-1	Hongchon Demonstration Project; Won; Community Health Practitioner Training; Equipment and Supplies
21-2-62-2	Hongchon Demonstration Project; Won; Community Health Practitioner Training; Advisors and Consultants
21-2-62-4	Hongchon Demonstration Project; Won; Community Health Practitioner Training; Student Support while in Training
21-2-62-5	Hongchon Demonstration Project; Won; Community Health Practitioner Training; Staff Operational and Support Costs

- 21-2-63-1 Hongchon Demonstration Project; Won; Community Health Aide Training; Equipment and Supplies
- 21-2-63-2 Hongchon Demonstration Project; Won; Community Health Aide Training; Advisors and Consultants
- 21-2-63-4 Hongchon Demonstration Project; Won; Community Health Aide Training; Student Support while in Training
- 21-2-63-5 Hongchon Demonstration Project; Won; Community Health Aide Training; Staff Operational and Support Costs
- 21-2-64-1 Hongchon Demonstration Project; Won; Village Health Agent Training; Equipment and Supplies
- 21-2-64-2 Hongchon Demonstration Project; Won; Village Health Agent Training; Advisors and Consultants
- 21-2-64-4 Hongchon Demonstration Project; Won; Village Health Agent Training; Student Support while in Training
- 21-2-64-5 Hongchon Demonstration Project; Won; Village Health Agent Training; Staff Operational and Support Costs
- 21-2-71-1 Hongchon Demonstration Project; Won; Delivering Curative Health Services; Equipment and Supplies
- 21-2-71-5 Hongchon Demonstration Project; Won; Delivering Curative Health Services; Staff Operational and Support Costs
- 21-2-71-7 Hongchon Demonstration Project; Won; Delivering Curative Health Services; Building Construction, Rental/Lease and/or Purchase
- 21-2-72-1 Hongchon Demonstration Project; Won; Delivering Preventive Health Services; Equipment and Supplies
- 21-2-72-5 Hongchon Demonstration Project; Won; Delivering Preventive Health Services; Staff Operational and Support Costs
- 21-2-72-7 Hongchon Demonstration Project; Won; Delivering Preventive Health Services; Rental/Lease and/or Purchase
- 22-1-10-1 Gunee Demonstration Project; US Dollars; Evaluation; Equipment and Supplies
- 22-1-10-2 Gunee Demonstration Project; US Dollars; Evaluation; Advisors and Consultants
- 22-1-20-1 Gunee Demonstration Project; US Dollars; Planning; Equipment and Supplies
- 22-1-20-2 Gunee Demonstration Project; US Dollars; Planning; Advisors and Consultants
- 22-1-30-3 Gunee Demonstration Project; US Dollars; Staff Development; International Travel Curriculum Development; Equipment and Supplies
- 22-1-61-2 Gunee Demonstration Project; US Dollars; General Training and Curriculum Development; Advisors and Consultants

22-2-10-1	Gunee Demonstration Project; Won; Evaluation; Equipment and Supplies
22-2-10-2	Gunee Demonstration Project; Won; Evaluation; Advisors and Consultants
22-2-10-5	Gunee Demonstration Project; Won; Evaluation; Staff Operational and Support Costs
22-2-20-1	Gunee Demonstration Project; Won; Planning; Equipment and Supplies
22-2-20-2	Gunee Demonstration Project; Won; Planning; Advisors and Consultants
22-2-20-5	Gunee Demonstration Project; Won; Planning; Staff Operational and Support Costs
22-2-50-1	Gunee Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Equipment and Supplies
22-2-50-5	Gunee Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Staff Operational and Support Costs
22-2-50-7	Gunee Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Building Construction, Rental/Lease and/or Purchase
22-2-62-1	Gunee Demonstration Project; Won; Community Health Practitioner Training; Equipment and Supplies
22-2-62-2	Gunee Demonstration Project; Won; Community Health Practitioner Training; Advisors and Consultants
22-2-62-4	Gunee Demonstration Project; Won; Community Health Practitioner Training; Student Support while in Training
22-2-62-5	Gunee Demonstration Project; Won; Community Health Practitioner Training; Staff Operational and Support Costs
22-2-63-1	Gunee Demonstration Project; Won; Community Health Aide Training; Equipment and Supplies
22-2-63-2	Gunee Demonstration Project; Won; Community Health Aide Training; Advisors and Consultants
22-2-63-4	Gunee Demonstration Project; Won; Community Health Aide Training; Student Support while in Training
22-2-63-5	Gunee Demonstration Project; Won; Community Health Agent Training; Equipment and Supplies
22-2-64-1	Gunee Demonstration Project; Won; Village Health Agent Training; Equipment and Supplies
22-2-64-2	Gunee Demonstration Project; Won; Village Health Agent Training; Advisors and Consultants

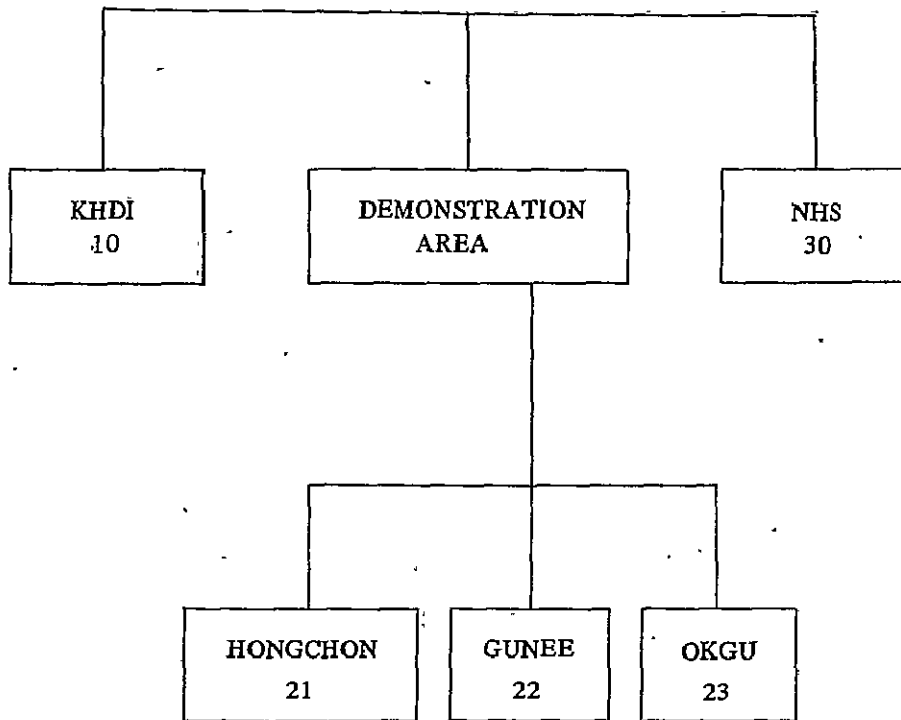
22-2-64-4	Gunee Demonstration Project; Won; Village Health Agent Training; Student Support while in Training
22-2-64-5	Gunee Demonstration Project; Won; Village Health Agent Training; Staff Operational and Support Costs
22-2-71-1	Gunee Demonstration Project; Won; Delivering Curative Health Services; Equipment and Supplies
22-2-71-5	Gunee Demonstration Project; Won; Delivering Curative Health Services; Staff Operational and Support Costs
22-2-71-7	Gunee Demonstration Project; Won; Delivering Curative Health Services; Building Construction, Rental/Lease and/or Purchases
22-2-72-1	Gunee Demonstration Project; Won; Delivering Preventive Health Services; Equipment and Supplies
22-2-72-5	Gunee Demonstration Project; Won; Delivering Preventive Health Services; Staff Operational and Support Costs
22-2-72-7	Gunee Demonstration Project; Won; Delivering Preventive Health Services; Rental/Lease and/or Purchase
23-1-10-1	Okgu Demonstration Project; US Dollars; Evaluation; Equipment and Supplies
23-1-10-2	Okgu; Demonstration Project; US Dollars; Evaluation; Advisors and Consultants
23-1-20-1	Okgu Demonstration Project; US Dollars; Planning; Equipment and Supplies
23-1-20-2	Okgu Demonstration Project; US Dollars; Planning; Advisors and Consultants
23-1-30-3	Okgu Demonstration Project; US Dollars; Staff Development; International Travel Curriculum Development; Equipment and Supplies
23-1-61-2	Okgu Demonstration Project; US Dollars; General Training and Curriculum Development; Advisors and Consultants
23-2-10-1	Okgu Demonstration Project; Won; Evaluation; Equipment and Supplies
23-2-10-2	Okgu Demonstration Project; Won; Evaluation; Advisors and Consultants
23-2-10-5	Okgu Demonstration Project; Won; Evaluation; Staff Operational and Support Costs
23-2-20-1	Okgu Demonstration Project; Won; Planning; Equipment and Supplies
23-2-20-2	Okgu Demonstration Project; Won; Planning; Advisors and Consultants

23-2-20-5	Okgu Demonstration Project; Won; Planning; Staff Operational and Support Costs
23-2-50-1	Okgu Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Equipment and Supplies
23-2-50-5	Okgu Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Staff Operational and Support Costs
23-2-50-7	Okgu Demonstration Project; Won; Administrative Support/Overhead in Demonstration Areas; Building Construction, Rental/Lease and/or Purchase
23-2-62-1	Okgu Demonstration Project; Won; Community Health Practitioner Training; Equipment and Supplies
23-2-62-2	Okgu Demonstration Project; Won; Community Health Practitioner Training; Advisors and Consultants
23-2-62-4	Okgu Demonstration Project; Won; Community Health Practitioner Training; Student Support while in Training
23-2-62-5	Okgu Demonstration Project; Won; Community Health Practitioner Training; Staff Operational and Support Costs
23-2-63-1	Okgu Demonstration Project; Won; Community Health Aide Training; Equipment and Supplies
23-2-63-2	Okgu Demonstration Project; Won; Community Health Aide Training; Advisors and Consultants
23-2-63-4	Okgu Demonstration Project; Won; Community Health Aide Training; Student Support while in Training
23-2-63-5	Okgu Demonstration Project; Won; Community Health Aide Training; Staff Operational and Support Costs
23-2-64-1	Okgu Demonstration Project; Won; Village Health Agent Training; Equipment and Supplies
23-2-64-2	Okgu Demonstration Project; Won; Village Health Agent Training; Advisors and Consultants
23-2-64-4	Okgu Demonstration Project; Won; Village Health Agent Training; Student Support while in Training
23-2-64-5	Okgu Demonstration Project; Won; Village Health Agent Training; Staff Operational and Support Costs
23-2-71-1	Okgu Demonstration Project; Won; Delivering Curative Health Services; Equipment and Supplies
23-2-71-5	Okgu Demonstration Project; Delivering Curative Health Services; Staff Operational and Support Costs
23-2-71-7	Okgu Demonstration Project; Delivering Curative Health Service; Building Construction, Rental/Lease and/or Purchase

23-2-72-1	Okgu Demonstration Project; Delivering Preventive Health Services; Equipment and Supplies
23-2-72-5	Okgu Demonstration Project; Delivering Preventive Health Services; Staff Operational and Support Costs
23-2-72-7	Okgu Demonstration Project; Delivering Preventive Health Services; Rental/Lease and/or Purchase
30-1-10-1	NHS; US Dollars; Evaluation; Equipment and Supplies
30-1-10-2	NHS; US Dollars; Evaluation; Advisors and Consultants
30-1-30-3	NHS; US Dollars; Staff Development; International Travel
30-2-10-1	NHS; Won; Evaluation; Equipment and Supplies
30-2-10-2	NHS; Won; Evaluation; Advisors and Consultants
30-2-40-1	NHS; Won; Administrative Support/Overhead; Equipment and Supplies
30-2-40-5	NHS; Won; Administrative Support/Overhead; Staff Operational and Support Costs
30-2-40-7	NHS; Won; Administrative Support/Overhead; Building Construction, Rental/Lease and/or Purchase

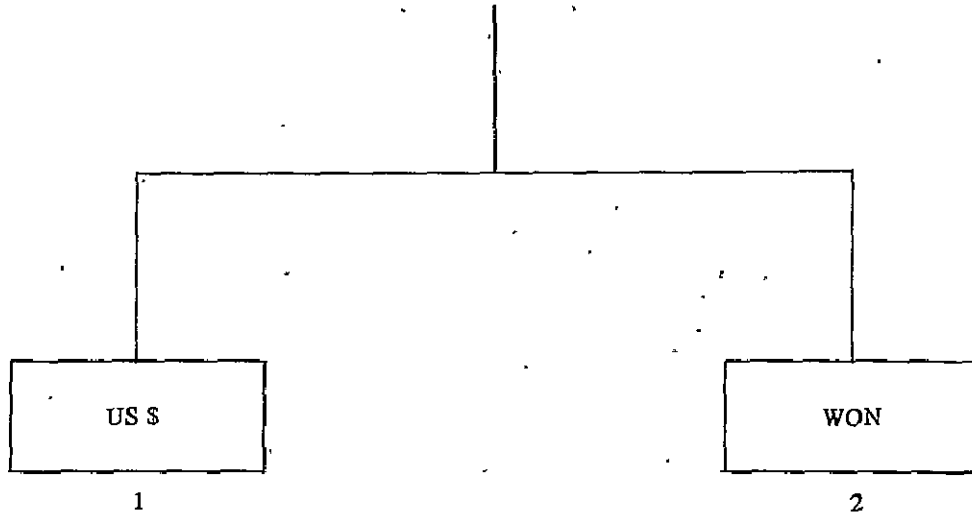
Columns 1 & 2 CODE

ITEM



Columns 3 CODE

FUNDING



Columns 4 & 5

FUNCTION

EVALUATION 10	STAFF DEVELOPMENT 30	ADMIN. SUPPORT OHEAD. PROV/GUN 50	COMMUNITY HEALTH PRACT TNG 62	VILLAGE HEALTH AGENT TNG 64	DELIVER PREVENT HEALTH SVCS 72
PLANNING 20	ADMIN. SUPPORT OHEAD KHDI 40	GEN'L TRAINING & CURRIC DEVELOPMENT 61	COMMUNITY HEALTH AIDE TNG 63	DELIVERING CURATIVE HEALTH SVCS 71	

Columns 6 CODE

EXPENDITURE

EQUIPMENT & SUPPLIES 1	INTERNATIONAL TRAVEL & RELATED EXPENSES OF STAFF OBSERVATIONS 3	STAFF OPERATIONAL & SUPPORT COSTS 5	BUILDING CONSTRUCTION RENTAL/LEASE PURCHASE 7	REPRESENTATION 8
ADVISORS & CONSULTANTS 2	STUDENTS SUPPORT WHILE IN TRAINING 4	IN-COUNTRY TRAINING 6		

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